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ABSTRACT

The financing of vocational education and training (VET) in Portugal was examined. The examination focused on the following topics: (1) the economic, political, legal, and administrative contexts of funding; (2) the funding framework for VET in Portugal; (3) initial vocational training (IVT); (4) continuing vocational training (CVT); and (5) vocational training to address unemployment and social exclusion (UVT). In 1996, funds for IVT, CVT, UVT, and other VET-related activities accounted for 51.0%, 29.8%, 12.7%, and 6.5% of funds spent on VET, respectively. In 1998, funds for IVT, CVT, UVT, and other VET-related activities accounted for 42.0%, 31.0%, 22.3%, and 4.7% of funds spent on VET, respectively. Financing of VET activities in Portugal was strongly dependent on European Social Fund support. The following actions were deemed critical to improving VET in Portugal: (1) increase all VET activities; (2) provide more coherence between the training structure within the educational system, labor market training, and other VET programs; (3) work to increase the private contribution to VET funding, but be mindful of the danger that a large number of enterprises could then reduce their training activities; and (4) encourage a good-quality and flexible

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system of private sector VET providers. (Fifty-two tables/figures are included. A table summarizing pertinent legal provisions is appended.) (MN)

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The financing of vocational education and training in Portugal

Financing portrait

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The financing of vocational education and training in Portugal

Financing portrait

Luis Gomes Centeno
Ana Leonor Sarmento

Cedefop Panorama series

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Foreword

At the end of 1997, Cedefop launched a project to produce financing portraits of the vocational education and training (VET) systems within the individual Member States of the European Union. The portraits combine a qualitative description of the flow of funding through the VET structures, identifying the funding sources and allocation mechanisms, with quantitative data on expenditure for different training types. The reports are structured around initial vocational training, continuing vocational training and training for unemployed people. In recognition of the increasing overlap among these training types, some of the reports include an extra section on combined forms of training.

At the outset of the project, Cedefop asked the individual national authors to follow a uniform structure for the presentation of their financing training systems. This structure centred on the following issues with regard to initial and continuing vocational training and training for unemployed people:

(a) outlining the economic, political, legal and administrative background to the financing of the VET system;
(b) defining the different types of training according to the national context;
(c) identifying the funding sources (e.g. central government, regional/local government, employers, individuals, etc.);
(d) explaining the mechanisms for the distribution of funding;
(e) identifying the expenditure levels over 10 years (1986-96 or the most recently available years);
(f) concluding and discussing the trends and perspectives of the financing VET system.

The authors were requested, where possible, to distinguish between private/public and direct/indirect funding sources and to identify capital and revenue funding. They were also asked to provide a breakdown of expenditure according to the different sources of funding for each training type over a 10-year period.

While defining a common structure for each report allows for broad comparisons between the different systems and easier cross-referencing between the reports, it does not allow for detailed transnational comparisons. It was acknowledged at the outset of this project that creating comparable reports would not be possible for a number of reasons, including:

(a) training definitions: initial vocational training, continuing vocational training and training for unemployed people means something different within individual national contexts. While creating a 'standard' definition of each training type would have facilitated comparability, it would have complicated the process of gathering and presenting data. For this reason, each author was requested to use a nationally-based definition;
(b) data: there are a number of general obstacles to obtaining comparable data, for example: the lack of common definitions, different national accounting procedures and the problems of identifying expenditure where funding sources are diverse and estimates are

based on surveys. More specific obstacles include the difficulty of aggregating data where funding is decentralised and estimating indirect sources of expenditure.

A number of barriers to achieving even basic common parameters arose as the work developed. Among others, these included:

(a) the lack of training definitions and the increasing overlap between the traditional training categories in general. In some countries the division between the different training types is not as strict as in others. This means that some artificial divisions have had to be drawn by some of the authors, for example, between academic and vocational training. While this overlap may be, in part, the result of a general policy aim to level parity of esteem, it creates challenges in disaggregating data to identify expenditure on the vocational element. The notion of lifelong learning also has implications for creating more coherent training structures which include a wider range of learning activities. It is often difficult to identify and measure expenditure data on training which takes place outside of the formal structure;
(b) the complexity of financing training structures in terms of the number of different funding sources and mechanisms for financing VET. For example, levels of expenditure on indirect demand-side incentive mechanisms such as tax incentives are often difficult to identify. More fundamentally, this general complexity is enhanced in those countries where there is no national structure for training, i.e. where local governments have autonomy with regard to financing training;
(c) the number of recent reforms to the financing VET system blur data comparability over time within individual Member States. In addition, the newness of many of these reforms mean that there is often a lack of stringent evaluation according to efficiency, effectiveness and equity criteria.

There was no ideal way to create common criteria for the structure of this series of reports. There is a certain trade-off between attaining a common structure and reflecting the nuances of the individual national training systems. Nevertheless, this first set of portraits does serve to highlight many of the complexities involved with the financing of vocational education and training across the European Union. We hope you find the portraits informative and welcome your comments.

We would like to thank Mr Luis Gomes Centeno and Ms Ana Leonor Sarmento of CIDEC (*Centro Interdisciplinar de Estudos Economicos*), who prepared this portrait on the financing of vocational education and training in Portugal.

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Preface by the authors

This report outlines the funding of vocational education and training (VET) in Portugal. The various activities comprising VET have been split into initial training, continuing training and training for unemployed people, although such distinctions are not easy within the Portuguese context, as explained below. The description relates to programmes in place up to the end of 2000, the latest data for the report are from 1998 and 1999. Due to data availability, the prime focus of this report is on training cofinanced by the European Social Fund (ESF) which represents the major part of formal VET activities. Given the complexities of ESF funding defined through the Community support frameworks (CSF), much of the financing data are presented in the background section of this report. Where possible, data have been adjusted to represent funding for different target groups.

In this report, initial vocational training (IVT) is considered as training targeted at people completing compulsory education, normally aged above 16. IVT can be provided in public or private schools, recognised training institutions (either public or private) or in enterprises (under the apprenticeship scheme, for example). Training for first-time jobseekers is recognised as part of IVT. Continuing vocational training (CVT) is treated as VET activities targeted at those within the labour market, which may include some unemployed people or first time jobseekers. Training for unemployed people (UVT) comprises programmes specifically designed for those in long-term unemployment and for people at a labour market disadvantage.

The Portuguese VET system can be distinguished by four main spheres of activity: that which takes place in the education system (IVT); in the context of labour market adjustment (all training types); sectoral programmes (e.g. IVT/CVT within agriculture, fisheries, industry, health and tourism, etc.); or in enterprises (mostly IVT and CVT although also UVT and programmes targeted at disadvantaged people can be found).

The reader should be alerted to some specificities of the Portuguese training system, or at least the part of the system shown here:

- the importance of the ESF in VET activities throughout the system;
- VET is not subject to any special tax or subsidised system (besides ESF grants). Investment is treated like any other costs, so it is impossible to highlight funding data beyond some scarce and poor survey data;
- the structure of training provision is non-specialised insofar as almost every training organisation can provide all types of training (initial, continuing, training for unemployed people or varying mixes).

The first factor means that most of the report relates to ESF cofinanced training. Other training activities (especially CVT) cannot be accurately accounted. Related to the second point, what is called training within companies is mostly on-the-job training for simple tasks.

Portuguese social values are especially receptive to experience sharing as a way to acquire knowledge.

The structure of formal VET provision coupled with the low level of schooling for a large share of the population creates additional difficulties in identifying particular target groups. Furthermore, from the largest provider (IEFP - Institute of Employment and Vocational Training (*Instituto do Emprego e Formação Profissional*)) to the smaller private organisations, training activities are diverse, both in terms of target groups (as this report is structured) and curricular content. It is possible to have trainees within the same course receiving training though IVT, CVT or UVT programmes. This means that describing the financing structure according to target groups is complex although, for data purposes, the breakdown of funding is fairly accurate due to the ESF reporting system.

From a Portuguese legal perspective, only the structure for IVT, CVT and special UVT can be distinguished as these have a specific legal character, although we must highlight that ESF regulations are equally important in the provision of VET given the weight of this funding source.

As this is the first time a report like this has been prepared in Portugal, we have faced unexpected difficulties meeting the common presentational framework Cedefop has proposed for this series. One of the main difficulties experienced has been to identify reliable and up-to-date data on financing VET activities. Nevertheless, we hope this report will be a good tool to understand the financing system in the period considered, and that the sometimes confusing structure is made clearer to the outside observer.

We wish to recognise the input of Sarah Elson-Rogers in overcoming the difficulties and trying to compile a report that could make sense to a non-Portuguese reader. Any errors are, of course, the sole responsibility of the authors. We also want to thank our colleagues from CIDEC Carlos Guerreiro, Pedro Benodis and Ana Costa for their assistance.

The exchange rate used throughout this report is EUR 1 = PTE 200.482.

Luis Gomes Centeno
Ana Leonor Sarmento
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1. Background information

1.1. Economic background: recent economic developments

1.1.1. Gross domestic product (GDP) growth

During the second half of the 1980s, Portugal experienced high growth rates of both nominal and real GDP: in 1989, they were 20.4% and 7%, respectively. During the early 1990s, Portugal was affected by the worldwide recession and the real growth of GDP was 0.3% in 1992 and negative (minus 1.3%) in 1993. Since 1994, real growth rates have been between 3% and 4%. These developments are shown in the table below.

Table 1 GDP growth in market prices (1986-99)

GDP market price/year	billion PTE	billion EUR	Growth rate (%)	Deflator (%)	Real growth rate (%)	RGR index
1986	5 062	25.3	-	15.7	-	100
1987	5 928	29.6	17.1	11.4	5.7	106
1988	6 956	34.7	17.3	11.5	5.8	112
1989	8 372	41.8	20.4	13.3	7.0	120
1990	9 855	49.2	17.7	14.5	3.2	124
1991	11 315	56.4	14.8	13.6	1.2	125
1992	12 758	63.6	12.8	12.5	0.3	126
1993	13 463	67.2	5.5	6.8	-1.3	124
1994	14 628	73.0	8.7	5.0	3.7	128
1995	15 817	79.0	8.1	5.0	3.1	132
1996	16 830	84.0	6.4	2.8	3.6	137
1997	17 991	89.7	6.9	3.1	3.8	142
1998	19 502	97.3	8.4	4.5	3.9	148
1999 (*)	n/a	n/a	n/a	n/a	3.1	153

(*) Estimates.

Source: Instituto Nacional de Estatística (INE), Bank of Portugal (BP) and EU.

Table 2 GDP per capita growth (1986-99)

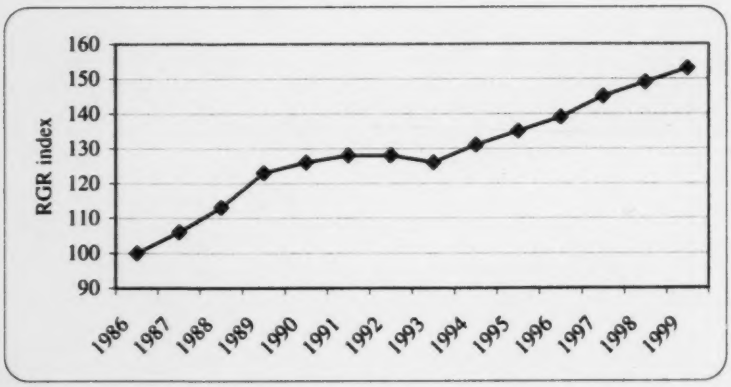
GDP per capita/year	thousand PTE	thousand EUR	Growth rate (%)	Real growth rate (%)	RGR index
1986	506	2.5	-	-	100
1987	594	3.0	17.4	6.0	106
1988	594	3.5	17.6	6.1	113
1989	855	4.3	22.3	9.0	123
1990	1.005	5.0	17.6	3.1	126
1991	1.153	5.8	14.7	1.2	128
1992	1.298	6.5	12.6	0.1	128
1993	1.368	6.8	5.4	-1.4	126
1994	1.487	7.4	8.7	3.7	131
1995	1.606	8.0	8.0	3.0	135
1996	1.706	8.5	6.2	3.4	139
1997	1.821	9.1	6.8	3.7	145
1998	1.957	9.8	7.4	2.9	149
1999 (*)	n/a	n/a	n/a	2.7	153

(*) Estimates.

Source: Instituto Nacional de Estatística (INE), Bank of Portugal (BP) and EU/INE.

In 1986, GDP per capita was approximately EUR 2 500 (current prices); in 1998, it was EUR 10 000. This remarkable increase was due to the positive growth of GDP (see Table 1) and was coupled with a constant population level (about 10 million inhabitants). The real level of growth has been significant; the real growth rate (RGR) index was 149 in 1998 (where 1986=100).

Figure 1 GDP per capita growth (1986-99)



1.1.2. Inflation

Since the mid-1980s, strict monetary policy and high real interest rates (in the second half of the 1980s and early 1990s) led to a downward inflationary path. For 1997, the annual average inflation rate was less than 2%, and in 1998, it was 2.4% (three percentage points below the Maastricht Treaty's benchmark of 2.7%). Data from 1999 suggest a rate of 2.8% and the emergence of a slightly upward trend since 1997.

Table 3 Inflation rates (1986-99)

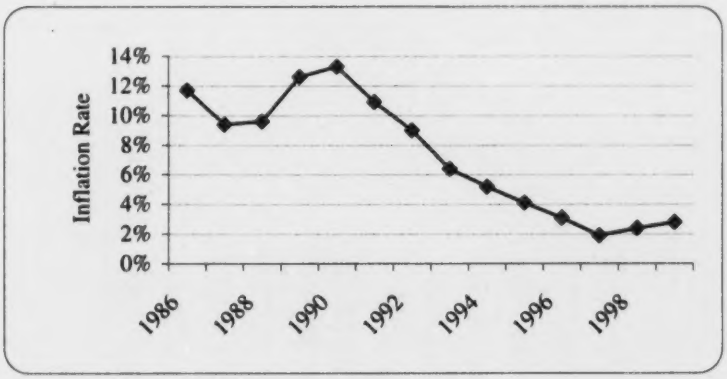
(%)

Inflation / year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999(*)
Annual average growth rate	11.7	9.4	9.6	12.6	13.3	10.9	9.0	6.4	5.2	4.1	3.1	1.9	2.4	2.8

(*) Average growth rate between September 1998 and September 1999.

Source: Instituto Nacional de Estatística (INE), and Bank of Portugal.

Figure 2 Inflation rates (1986-99)



1.1.3. Public debt

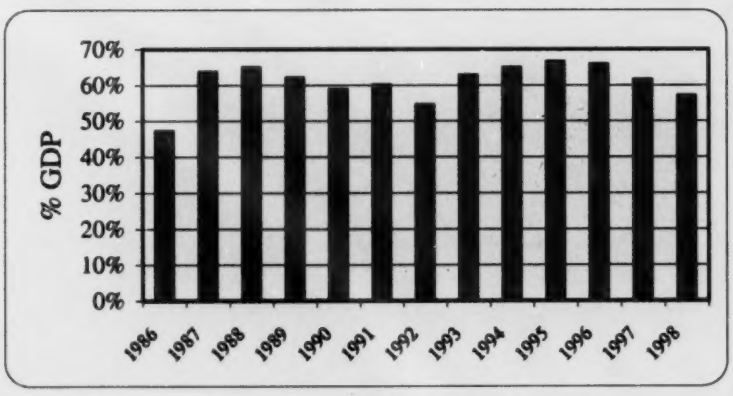
Between 1987 and 1992, public debt, as a percentage of GDP, has maintained a slightly downward trend. In particular, in two years (1990 and 1992) the real growth rate has been negative. The debt trend has been upward between 1993 and 1996, although the negative trend has returned in the last two years.

Table 4 Public debt (1986-98)

Public debt/year	billion PTE	billion EUR	% GDP	Growth rate (%)	Real growth rate (%)
1986	2 383	11.9	47.1	-	-
1987	3 770	18.8	63.6	58.2	46.8
1988	4 506	22.5	64.8	19.5	8.0
1989	5 179	25.8	61.9	14.9	1.6
1990	5 792	28.9	58.8	11.8	-2.6
1991	6 789	33.9	60.0	17.2	3.6
1992	6 946	34.7	54.4	2.3	-10.2
1993	8 441	42.1	62.7	21.5	14.7
1994	9 477	47.3	64.8	12.3	7.3
1995	10 523	52.5	66.5	11.0	6.0
1996	11 078	55.3	65.8	5.3	2.5
1997	11 047	55.1	61.4	-0.3	-3.4
1998	11 116	55.5	57.0	0.06	-3.9

Source: Instituto Nacional de Estatística (INE), and Bank of Portugal.

Figure 3 Public debt (% GDP: 1986-98)



1.1.4. Employment

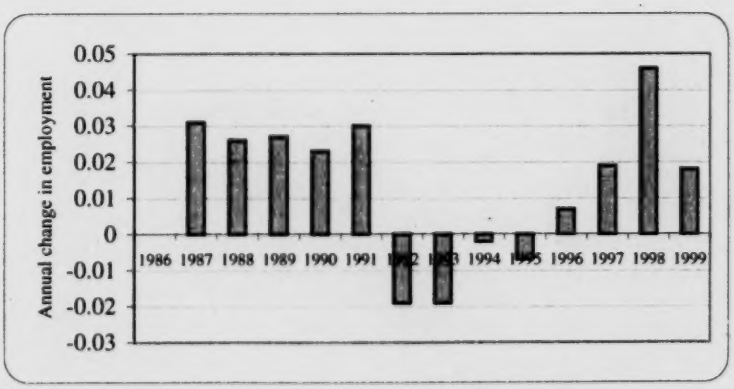
In 1999, Portugal had 800 000 more people employed than in 1986. Between 1990 and 1999, annual changes in employment levels were positive with the highest growth of 4.6% in 1998. The employment rate reflects this trend: from 90% in 1986, it grew to 96% in 1999. The growth of female employment rates has been similar, from 90% in 1986 to 95% in 1999. Women's representation within the labour market has increased from 40% in 1986 to nearly 45% in 1999. The opposite has happened with the proportion of young people (15 to 24 age group) in employment; they represented only 14% of employed people in 1999 compared to 19% in 1990, although this constituted a slightly upward trend since 1997.

Table 5 Employment (1986-99)

	Employment (million)	Annual change in employment (%)	Employment rate (%)	Women's employment rate (%)	Proportion of women in employment (%)	Youth (15-24) employment rate (%)	Proportion of youth (15-24) in employment (%)
1986	4.045	-	90.3	89.5	40.4	n/a	n/a
1987	4.171	3.1	91.3	90.5	41.3	n/a	n/a
1988	4.280	2.6	92.7	92.0	42.0	n/a	n/a
1989	4.395	2.7	94.0	91.1	41.9	n/a	n/a
1990	4.496	2.3	94.5	96.7	44.5	88.0	19.1
1991	4.631	3.0	95.2	93.1	43.3	89.6	17.4
1992	4.543	-1.9	95.9	95.1	43.9	90.0	15.4
1993	4.458	-1.9	94.5	93.5	44.2	87.3	14.1
1994	4.449	-0.2	94.0	93.9	44.4	65.3	13.6
1995	4.416	-0.7	92.9	91.9	44.6	83.8	12.7
1996	4.445	0.7	92.8	91.8	44.7	83.3	12.4
1997	4.530	1.9	93.3	92.5	44.9	85.2	12.5
1998	4.739	4.6	95.0	93.8	44.5	89.8	14.6
1999	4.825	1.8	95.6	94.4	45.1	91.3	14.2

Source: Instituto Nacional de Estatística (INE).

Figure 4 Annual change in employment (1987-99)



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1.1.5. Unemployment

Portugal has a moderate level of unemployment. In 1999, 4.4% of the active population (222 000 people) were unemployed. Women constituted 52% of unemployed people in 1999 compared to 59% in 1986. The total unemployment rate decreased most years between 1986 and 1992. Between 1992 and 1997, the unemployment rate increased. The 1998 and 1999 data suggest a new downward trend.

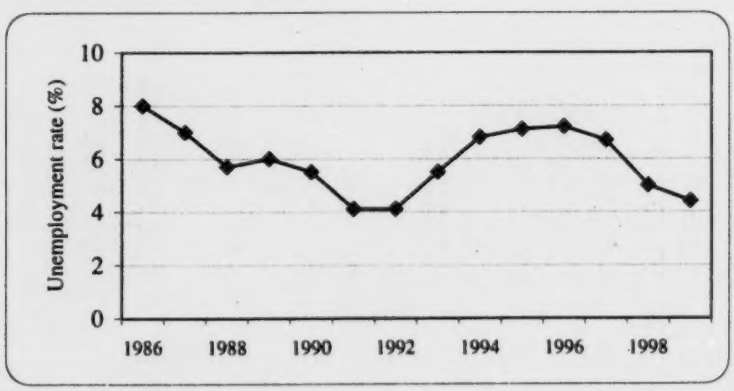
The rate of youth unemployment grew by 4.8% between 1990 to 1997 as a consequence of the increasing difficulty to enter employment. However, it decreased by 4.6% between 1997 and 1998 and by 1.2% between 1998 and 1999. It is not possible to indicate whether this is a short- or long-term trend.

Table 6 Unemployment (1986-99)

	Unemployment	Annual change in unemployment (%)	Unemployment rate (%)	Women's unemployment rate (%)	Proportion of women in unemployment (%)	Youth (15-24) unemployment rate (%)	Proportion of youth (15-24) in unemployment (%)
1986	360 000	-	8.0	11.6	58.6	n/a	51.7
1987	319 000	-11.4	7.0	9.5	56.4	n/a	51.1
1988	262 000	-17.9	5.7	8.0	59.5	n/a	49.6
1989	281 000	7.1	6.0	8.9	63.8	n/a	39.5
1990	260 000	-7.3	5.5	7.9	62.7	10.0	37.4
1991	199 000	-23.7	4.1	5.8	62.4	9.0	40.7
1992	194 000	-2.3	4.1	4.9	53.3	10.0	40.3
1993	258 000	32.7	5.5	6.5	53.4	12.7	35.6
1994	324 000	25.7	6.8	8.0	51.9	14.7	32.2
1995	338 000	4.5	7.1	8.1	51.0	16.2	31.9
1996	344 000	1.6	7.2	8.2	51.4	16.7	32.0
1997	324 000	-5.8	6.7	7.5	51.1	14.8	30.4
1998	248 000	-23.5	5.0	6.2	56.6	10.2	31.7
1999	222 000	-10.6	4.4	5.1	52.2	8.7	29.6

Source: Instituto Nacional de Estatística (INE).

Figure 5 Unemployment rate (1986-99)



1.1.6. Long-term unemployment

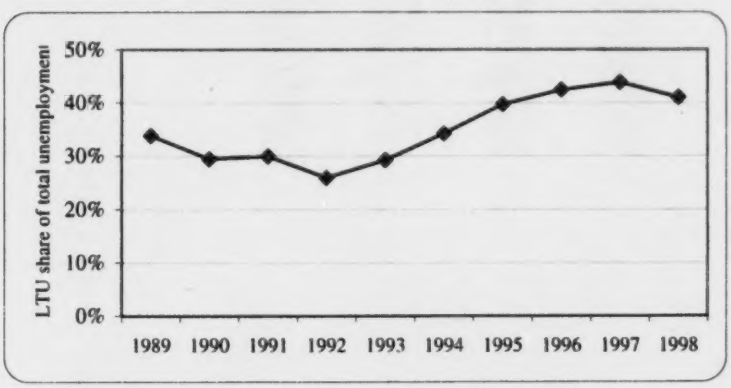
Long-term unemployment is defined as a person being unemployed for one year or more. Nearly 41% of those unemployed fall into the long-term category, indicating the structural nature of unemployment. Women represent 52% of the total although this represents a downward trend (from 68.6% in 1989 to 51.8% in 1997).

Table 7 Long-term unemployment (1989-98)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Long-term unemployment (LTU)	95 000	76 000	59 000	50 000	75 000	111 000	134 000	146 000	142 000	102 000
Annual change of LTU	-	-19.5%	-22.3%	-15.4%	49.8%	47.1%	21.4%	8.6%	-2.7%	-28.3%
LTU share of total unemployment	33.8%	29.4%	29.9%	25.9%	29.2%	34.2%	39.7%	42.4%	43.8%	41.0%
Women's LTU rate	36.3%	31.1%	32.9%	27.9%	31.3%	35.5%	41.1%	43.0%	44.4%	n/a
Proportion of women in LTU	68.6%	66.4%	68.7%	57.6%	57.2%	53.9%	52.8%	52.1%	51.8%	n/a

Source: Instituto Nacional de Estatística (INE).

Figure 6 Long-term unemployment share of total unemployment (1989-98)



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1.1.7. Educational levels of the workforce

The primary level indicates those within the workforce with and without a certificate of completion of compulsory education (nine years). Secondary level indicates those within the workforce completing upper secondary education (12 years) and tertiary level indicates the percentage of the workforce holding a university degree (ranging from two to six years beyond upper secondary).

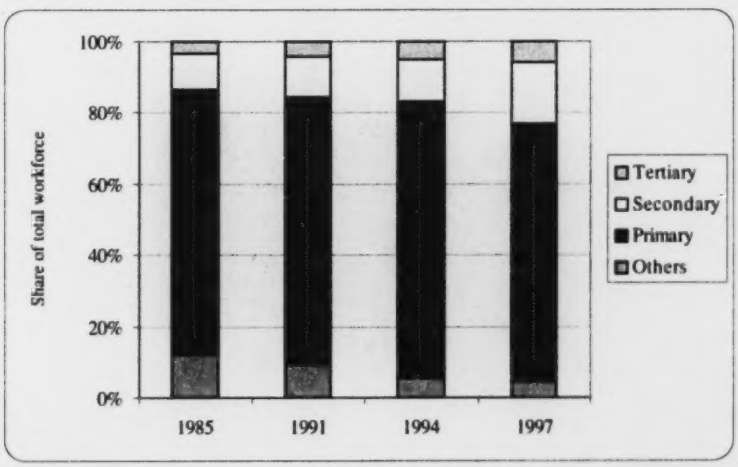
Table 8 Share of total workforce by education level (1985-97)

(%)

Education level/year	1985	1991	1994	1997
Primary	74.2	75.1	77.7	72.0
Secondary	10.2	11.4	11.7	17.3
Tertiary	3.5	4.2	5.0	6.1

Source: Ministry of Labour and Solidarity.

Figure 7 Share of total workforce by education level (1985-97)



In 1997, nearly three quarters of the total workforce had only completed (or fallen short of reaching) the primary education level (72%). Those within the workforce who had completed either secondary or tertiary levels represent a low proportion, albeit a growing one. Between 1985 and 1997, the proportion of the workforce who had completed secondary level education has grown from 10.2% to 17.3%. For tertiary education, the proportion of the workforce with this level had grown 3.5% to 6.1% during the same period.

1.2. Political background

From a political perspective, the last 12 years in Portugal have represented a very important period for the development of VET activities. Portugal became a member of the European Union in 1986, providing access to an important source of funding for VET activities through the European Social Fund (ESF) and the European Regional Development Fund (ERDF), enabling development of a targeted VET system.

The emergence of extensive VET activities has represented a wholesale change to the Portuguese system of education and vocational training, allowing its growth to a level never experienced before, and the possibility to start an effective and convergent system of innovation. The education system has been expanded raising the compulsory minimum education level to nine years (with full effect since 1986). The provision of upper secondary, vocational upper secondary and tertiary schooling has increased, leading to strong growth in the number of students and graduates.

A further issue worth highlighting is the political stability experienced within Portugal since 1987 compared to the years after the 1974 revolution. This stability has created an environment whereby coherent policies can be introduced and implemented taking into account the available policy choices and financial resources.

From 1987 to 1995, the centre right Social Democratic Party (SDP) held the parliamentary majority. In November 1995, the centre left Socialist Party (SP) took over government. The SDP government had an important role in establishing a national VET system, through remodelling the administrative body in charge of conducting training and employment policies: the Employment and Vocational Training Institute (*Instituto do Emprego e Formação Profissional* - IEFP) ([1]). This led to an enlargement of the VET structure and the development of a network of public and semi-public training centres. That, in turn, led to an impressive level of growth in the volumes of training and number of trainees. Under the Socialist Party, an important shift within VET policies has been enforced, more closely reflecting concerns for employment, education and economic competitiveness. Regarding the financing of the VET system, there have been no major changes during the past decade due to the continuing influence of EU financing (via ESF) and EU regulations.

The availability of VET for a very large number of trainees and development of a network of institutions offering vocational training have enabled a stronger understanding of its value to develop throughout Portuguese society. It must be emphasised that historically Portugal had based its technological and economic development on a deep-rooted belief in on-the-job learning (learning by doing).

([1]) See Section 1.4. for a fuller explanation of the roles of this body.

All economic policies developed during this period have emphasised the need to use VET as a key instrument in the economic and social catching-up process that Portugal has had to undertake to converge towards its European partners. Successive governments have focused on investment strategies for VET within development policy. This emphasis has also led to an increasing societal commitment towards VET. The significantly lower levels of educational qualifications within Portugal compared to its partners in the EU, is given central importance in contemporary public policies.

1.3. Legal background

1.3.1. General

Within the fundamental rights outlined in the Constitution of the Portuguese Republic, Article 58 (2)(c) outlines the duty of the State to promote, amongst other things, vocational training for the workforce to assist their right to work. State responsibility for vocational training is based on the principle of promoting equal opportunities and overcoming employment limitations due to a lack of professional and technical training. There is a dual aim: first, to facilitate access to employment and second, to facilitate adaptation to new working techniques and encourage professional advancement.

In October 1980, two laws were introduced establishing the general principles concerning employment policy, as well as the framework for employment promotion measures. Both laws aimed to create employment and assist employees in retaining their employment (Decree-Law 444/80 and 445/80, both dated 4 October 1980). Within this legal framework a wide range of measures were introduced. The legal framework for employment policy was redefined by Decree Law 132/99 (21 April 1999). Amongst other things, the law underpinned the principle of promoting access to both initial and continuing training.

Following the employment commitments taken by the Portuguese State in the European Union through the Resolution of the national Council of Ministers No 59/98 (6 May 1998), the national action plan for employment (*Plano Nacional de Emprego*) has been approved, revised and updated for 1999 and 2000. Within this new legal background, improving the vocational and basic qualifications of the workforce is entrenched within employment policies.

1.3.2. A split vocational education and training system

The legal framework for vocational training was established by Decree-Law 401/91 (16 October 1991). This regulates vocational training activities both within the educational system and the labour market. The Ministry of Education *(Ministério da Educação)* is primarily responsible for VET in the education system whereby the Ministry of Labour and

Solidarity *(Ministério do Trabalho e Solidariedade)* is responsible for labour market training, although other ministries have their own role in promoting VET designed to solve sectoral qualification problems (agriculture, fisheries, industry, tourism, public administration, etc.).

This creates a split VET system where vocational education and vocational training are seen as different systems either framed within the educational system or within labour market programmes. The legal framework defines the principle of communication between the systems, but not the mechanisms to achieve it.

Regarding VET financing, the State is primarily responsible for funding initial vocational training and training for unemployed people. Funding for continuing vocational training for employed people is viewed as the prime responsibility of employers although the State can provide financial support and incentive measures. In real terms, private investment in training is viewed as small, as publicly funded supply has been increasing and employers can find extensive resources for their needs. It is difficult to establish the exact role of private investment in VET due to lack of supportive data.

1.3.3. VET within the education system

Within the educational system, vocational training, which is viewed as a specific type of school-based education, is defined and coordinated by the Ministry of Education. Through the Educational System Act 1986, revised in 1997 (*Lei de Bases do Sistema Educativo*), all individuals over 15 years of age are entitled to vocational training, regardless of their existing level of qualification.

The main role of the Ministry of Education has been to support an increase in the quality and quantity of vocational schools (*Escolas Profissionais*) and vocational courses. According to Decree-Law 4/98 (8 January 1998), the ministry is responsible for the pedagogical framework and the operation of vocational schools, most of which are autonomous and privately owned. Private vocational schools can agree programme contracts with the State and receive funding to provide vocational courses. The funding level is based on the real costs of training per student.

Public vocational schools are established through administrative rules issued by the Treasury and the Ministry of Education and are treated and viewed in the same way as secondary schools. The State budget and other public funding sources support them.

Upper secondary schools within the educational system also offer courses oriented to integrating people into working life that have a normal academic curricula plus a vocational training element that enable students to study for a profession.

1.3.4. Vocational training within the labour market

Decree-Law 405/91 (16 October 1991) provides the legal framework for vocational training within the labour market, which can be initial or continuing training.

According to the Portuguese national action plan for employment (*Plano Nacional de Emprego*), increasing access for young people to the labour market through training is one of the main priorities of employment policy. In this context, targets have been set since 1999 to increase young people's participation in vocational training and to make training more effective in enabling young people to enter the labour market.

Regarding initial work-based training, the apprenticeship system was formally created in 1984 and was reformulated in 1996 through Decree-Law 205/96 (25 October 1996). Apprenticeships are available for young people between 15 and 25 years of age. An agreement is made between the trainee and the training organisation (that can be an enterprise) and is concluded on completion of the courses within the agreement.

Decree-Law 405/91 also establishes the specific legal background for labour market based vocational training for employees. The coordination of this type of training is the responsibility of the Ministry of Labour and Solidarity (through IEFP; see Section 1.4.), in cooperation with other ministries and with the participation of the social partners. Companies, the State and other public entities, private or voluntary organisations, namely; governmental agencies, trade unions and private charitable institutions, should provide financing for this type of VET.

The promotion of professional/social insertion and the fight against long-term unemployment is another principle defined in the Portuguese framework laws regarding labour market oriented vocational training. Given the high level of long-term unemployment among people with very low levels of qualifications, especially amongst young adults, specific measures to prevent and fight unemployment have been implemented. These include the 'programme school-workshops' (*Programa Escolas Oficina)* introduced in 1996, through administrative rule 414/96 (24 August 1996) which is intended to support vocational training activities in traditional crafts and environment-related sectors. The programme is concentrated in areas with high unemployment rates and can be important in creating a first contact for young people with the labour market and assisting their insertion into the workforce.

1.4. Administrative background

The administration of the VET system in Portugal is mainly centralised; the country does not have a regional political structure with the exception of the Azores and Madeira islands which are autonomous regions. These regions have their own governments and parliaments and are only obliged to follow the Portuguese constitutional laws. With regard to VET, the degree of

autonomy for Madeira and Azores is very large, especially for VET activities outside the formal educational system.

The VET structure is complex: there are a variety of important actors involved in various roles of policy definition, coordination and supervision, advisory, regulatory and execution roles.

Table 9 Main bodies within the Portuguese VET system

Policy definition bodies (defining the framework for VET policies)	
Ministry of Labour and Solidarity (the Directorate-General of Employment and Vocational Training) Ministries of Education, Science and Technology, Administrative Modernisation, Agriculture and Fisheries, Economy (ruling all economic sectors except agriculture and fisheries), Health, etc.	
Coordination and supervisory bodies	
Department for European Social Fund Affairs (DAFSE) Coordination Committee for the European Social Fund (CCFSE) Institute for the Management of the European Social Fund (IGFSE) ([2]) Inter-Ministerial Commission on Employment (CIME) VET ESF cofinanced programme managers	
Advisory and regulatory bodies	
National Apprenticeship Commission (CNA) Employment and Vocational Training Observatory (OEFP) Vocational Training Innovation Institute (Inofor) National Commission of Certification (CNC) Institute of Employment and Vocational Training (IEFP) National Secretariat for the Rehabilitation and Insertion of Disabled People (SNRIPD)	
Executive bodies and provider organisations (Each provider organisation listed below can provide IVT, CVT and UVT, except for schools and vocational schools that only provide IVT)	
Public providers	**Private providers**
Schools (Ministry of Education) Public vocational schools (Ministry of Education) Directly and jointly managed vocational training and public employment centres (IEFP under the Ministry of Labour and Solidarity) Technological schools ([1]) (various ministries) National Institute of Tourism Training (INFT – Ministry of Economy) Rehabilitation training centres – training for disabled people (Ministry of Labour and Solidarity and Ministry of Health)	Private vocational schools Enterprises Private and charitable training institutions (profit and non-profit making) Private rehabilitation institutions – training for disabled people Employers associations/trade unions and their confederations Technological centres (industry oriented)

([1]) These provide training under industry support operational programmes within CSF (II and III). Within the overall training framework, this is small.

Source: Compiled by the authors.

([2]) The Institute for the Management of the European Social Fund (IGFSE .- *Instituto para a Gestão do Fundo Social Europeu*) was created in October 2000 (Decree/Law 248-A/2000, 3.10.2000) and has replaced the functions of both the Department for European Social Fund Affairs and the Coordination Committee for the European Social Fund in the management of the Community support framework 2000-06.

Despite the large degree of centralisation of the VET system, the administrative structure is organised on a regional basis, each ministry has its own administrative divisions throughout the country and most policies are executed on a regional and local basis. The administrative division of the country, however, varies almost from ministry to ministry, making analysis of VET at regional level very complex. The trend towards more local policies is important in VET, although the financing rules are the same throughout the country. Sectoral VET measures within a number of ministries are run with a large degree of autonomy according to their structure and objectives, for example ESF cofinanced VET within the educational system or within industry, agriculture, fisheries, etc.

As most traceable VET activities within Portugal are eligible for ESF cofinancing, the following text focuses on the administrative framework to which these are subject, without reference to the type of training considered. The global management of ESF funds is the responsibility of the Ministry of Labour and Solidarity which is also responsible for defining VET programmes. The global coordination of ESF programmes is undertaken through the Commission for ESF Coordination (*Comissão de Coordenação do Fundo Social Europeu).* Sectoral or regional programme managers are responsible for the administrative and financial management of each specific programme cofinanced by ESF. Each programme or measure is promoted and executed by ministries or specialised bodies like the Institute of Employment and Vocational Training (IEFP – *Instituto do Emprego e Formação Profissional*).

The main bodies involved in the administration of VET in Portugal are outlined below.

(a) The Ministry for Labour and Solidarity (*Ministério do Trabalho e Solidariedade*) is responsible for the global coordination of ESF in Portugal, programme definition (with inputs from other ministries) and supervision of fund management through the appropriate bodies.

(b) The Ministry of Education is responsible for the management of VET framed within the education system. The ESF support framework contains a specific programme to support this type of VET, which is run by a programme manager that works closely with, but is independent from, the ministry.

(c) Ministries of Agriculture and Fisheries and Economy also have specific programmes designed to provide sector related qualifications. Sectoral programmes also have specific managers.

(d) Department for European Social Fund Affairs (DAFSE - *Departamento para os Assuntos do Fundo Social Europeu*) provides financial and technical support for the preparation and execution of vocational training projects supported by the ESF.

(e) CCFSE (*Comissão de Coordenação do Fundo Social Europeu* - Coordination Committee for the European Social Fund) plays a key role in the supervision of all VET programmes cofinanced by the ESF.

(f) IGFSE (*Instituto para a Gestão do Fundo Social Europeu* –Institute for the management of the European Social Fund), was created in October 2000 to replace the DAFSE and the CCFSE in the management of ESF funds for 2000-06.

(g) IEFP (*Instituto do Emprego e Formação Profissional* – Institute of Employment and Vocational Training) was created in 1979 as a result of a reorganisation of the existing vocational training services which were merged with the employment services. Its main purpose was to decentralise the existing structure to the regional level, to involve actively the social partners, and to create an institution with financial and administrative independence. The structure of the IEFP is defined through statute; it has its own management structure and financial and administrative autonomy. Its services are decentralised through a central body to regional organisations. The social partners represent half the positions within the management council at both central and regional levels.

The main mission of the IEFP, according to the 1997 organic Law of the Ministry of Labour and Solidarity, is to execute government policies related to employment and vocational training. To fulfil this task, the institute has a number of responsibilities at both central and local levels. At central level, it has to create and disseminate uniform procedures for employment and vocational training policies. At local level, it has to coordinate, stimulate and integrate all the operational activities within employment centres and vocational training providers across the country.

The IEFP is responsible for the organisation and execution of a substantial part of vocational training in Portugal. It is responsible for training within two types of provider: one it manages directly (direct management vocational training centres - *Centros de formação de gestão directa*) and others managed jointly with other entities such as trade union or employer organisations (joint management vocational training centres - *Centros de formação de gestão participada*). The latter types of training centres are concerned with vocational training specifically in industrial specialisation and services. In addition, IEFP is responsible for 86 employment centres whose main tasks are related to labour market programmes (IVT and UVT). All these different centres can be involved in the provision of IVT, CVT and UVT.

In terms of its statutory competences, financial resources, infrastructure and training provider networks, IEFP is the most important administrative entity within the Portuguese VET structure. It develops a wide range of training schemes and modalities and has an important role in the regulation of the VET system, through the definition of training profiles and certifying trainers.

IEFP acts as the default training authority in Portugal, providing training that is determined by public policies (namely the national action plans for employment). The 143 employment and vocational training centres (*Centros de Emprego e Formação Profissional*) are expected to meet local and other needs brought to their attention by civil society or the social partners.

(h) CNA (*Comissão Nacional de Aprendizagem* - National Apprenticeship Commission) was created within the framework of the IEFP in 1996. CNA, as its name indicates, is responsible for all that concerns apprenticeship programmes. Its main responsibilities are: to study and propose polices, actions and strategies concerning the development of, and participation in apprenticeships; to approve any alterations to, or revision of, the regulations regarding apprenticeship courses and activities; to agree the support system for apprentices with the Ministry of Labour and Solidarity; and to evaluate the apprenticeship programme in terms of its regulation and quality.

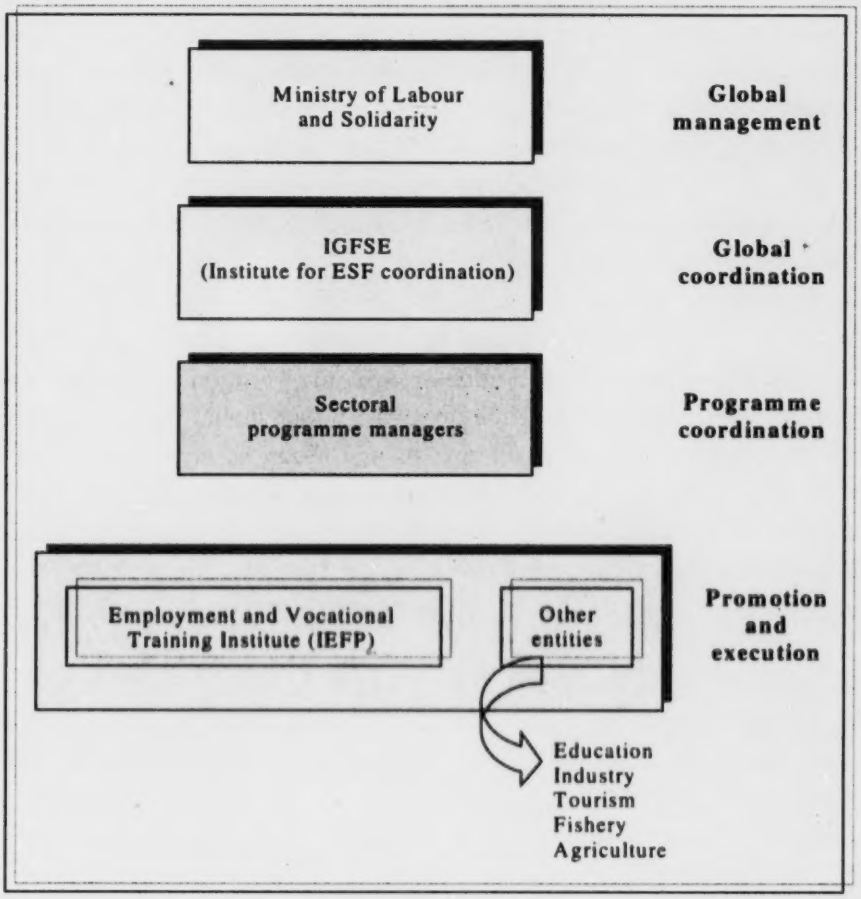
(i) CIME (*Comissão Interministerial para o Emprego* - Inter-ministerial Commission on Employment was established in 1980. It is responsible for coordinating vocational training with special attention to publicly provided training. CIME includes representatives from all ministries and regional governments. Due to its large size, it is viewed as an important consultative body for policy-makers but has little importance in practical training matters.

(j) OEFP (*Observatório do Emprego e Formação Profissional* - Employment and Vocational Training Observatory) was created in 1993 to monitor the process of modernisation and technological developments and their effect on skills needs, so as to minimise mismatches between training and labour market needs. It is responsible for examining the qualitative and quantitative aspects of employment and vocational training qualifications. It also evaluates the effectiveness and implementation of employment and vocational training policies and their sectoral and regional impact taking in account evolving skills needs. OEFP is co-managed by the State, employers associations and trade unions and plays an important role issuing recommendations on employment and VET policies, publishing labour market and VET indicators and promoting applied research on these subjects. This is increasingly providing more focused information relevant to policy development.

(k) Inofor (*Instituto para a Inovação da Formação* – Vocational Training Innovation Institute) was created in 1996 under a slightly different name to guarantee the effectiveness of Community programmes managed by the Ministry of Labour and Solidarity, as well as to promote vocational training quality. Decree-Law 115/97 converted this organisation to Inofor whose main mission is to: conceive, develop, evaluate and contribute to generating models, methodologies, programmes, projects and instruments that can value existing human resources, within the framework of developing economic and social systems and changes in production methods and the organisation of

employment. Inofor provides forecasts of professional profiles to be used in the definition of VET curricula. Inofor also plays an important role in the certification of vocational training institutions, a condition for access to ESF grants.

Figure 8 Management of vocational training programmes cofinanced by ESF



1.5. Funding framework for VET in Portugal

The funding framework for VET in Portugal can be divided into three main structures within which the different VET providers have to fit. These three main funding structures are:

(a) privately financed VET (either at individual or enterprise levels);
(b) State financed VET (financed through the State budget);
(c) ESF cofinanced VET (with EU and national funds).

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The funding allocation mechanisms for VET are the same regardless of the type of training, the differences being determined according to the funding source, whether the ESF or the national budget.

1.5.1. Privately financed VET

An important part of VET activities are undertaken within, and financed by, enterprises as part of their development plans. Furthermore, individuals may purchase training activities from training enterprises or sometimes from universities. This kind of expenditure is not subject to any special fiscal treatment nor are there specific financial incentives apart from being tax deductible for enterprises and individuals. For these reasons, there are no statistics on the volumes of funding, as they are not traced through consistent studies or surveys. Only figures on investment in vocational training from companies and individuals that receive support from the ESF are traceable.

According to a survey undertaken by the Ministry of Labour and Solidarity ([3]), the contribution of companies in the global cost of vocational training was, in 1997, approximately 64% of the total expenditure. This figure should be viewed very carefully as the survey excluded an analysis of these costs and it can be argued that the figure may be exaggerated. For example, the percentage may include delayed payments due from the ESF and treat them as enterprise funding or it may simply overestimate the costs of training. On the other hand, as already highlighted, tradition in Portuguese enterprises on human resources development mostly relates to learning-by-doing which enlarges the concept of the activities funded.

There is a strong feeling among specialists and observers (which some data trends appear to confirm) that privately financed VET is growing, both from companies and individuals, although the share of publicly-funded VET is still the largest. There is, however, no consistent hard evidence to support this belief and it is one of the key issues for forthcoming research.

1.5.2. State-financed VET

The Portuguese State finances a significant volume of VET programmes, especially IVT provided within the educational system as well as both IVT and CVT for civil servants. The costs of IVT provided in schools, however, are included within total education costs (unless they occur in public vocational schools with ESF cofinancing) and are impossible to measure. VET provision for civil servants is increasingly provided in the framework of ESF cofinanced

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([3]) DETEFP (1999) - *Inquérito à Execução de Acções de Formação Profissional em 1997*, Departamento de Estatística do Trabalho e da Formação Profissional, Ministério do Trabalho e Solidariedade, Lisboa. (*Inquiry on the execution of vocational training actions in 1997*).

programmes (there is a specific programme for this purpose), reducing the amount spent on actions solely financed by the Portuguese State.

1.5.3. ESF-cofinanced VET

Most of the formal VET activities in Portugal are subject to ESF cofinancing, whereby national and EU funding is combined. The ESF is such a fundamental source of funding for vocational training in Portugal that it must be considered as an extension of the public financing system. It is not possible, according to the available data, to give the exact share of ESF support for vocational education and training, although it is estimated at approximately 75% of the eligible costs of the cofinanced programmes. Over the past 10 years, ESF funding has provided an ever-larger amount of resources for training in Portugal.

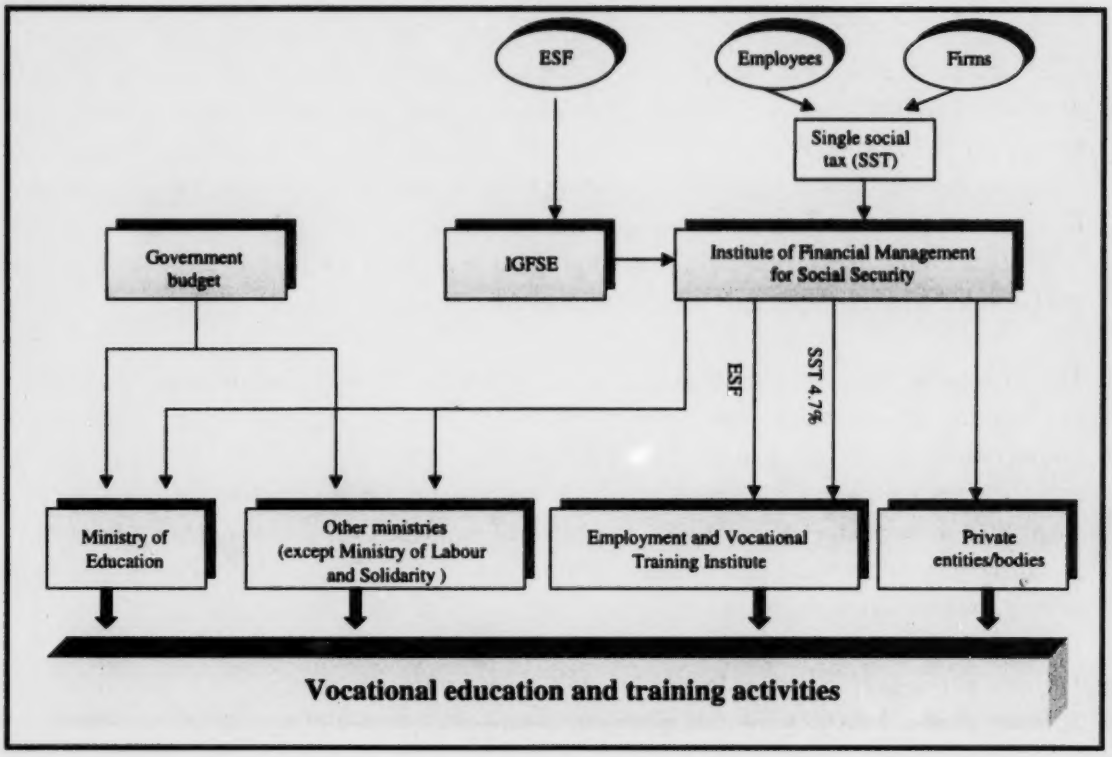
The national sources supplemented by ESF funds include the social security budget, through the Institute of Financial Management for Social Security (IGFSS- *Instituto de Gestão Financeira da Segurança Social*). The social security budget receives 23.75% and 11% of the gross salaries paid from companies and their employees. Of the amount collected, 4.7% is channelled to the budget of the IEFP – Institute of Employment and Vocational Training. The social security budget also provides the national share for ESF cofinanced VET programmes other than those delivered by the IEFP.

The national budget also provides funding to the education system and global activities of the different ministries and other public administrative bodies (this budget funds activities both eligible for, and outside, the ESF framework).

There are no figures available estimating the private contribution to ESF-supported vocational training activities. Although, it is important to note that a share of 0-10% of the costs of training courses developed by private entities with the support of ESF must be self-supported.

The following chart provides a picture of the management of ESF cofunded VET, which constitutes the largest number of VET activities in Portugal.

Figure 9 Flow of funding for vocational education and training



The following table shows the total number of people involved in ESF cofinanced training activities in Portugal, in 1996-98.

Table 10 Number of trainees in training courses cofinanced by the ESF

	1996		1998		Change (1996/98)	
	Number	%	Number	%	Number	%
Portugal mainland	387 243	94.5	617 005	95.4	229 762	59
Madeira and the Azores	22 490	5.5	29 480	4.6	6 990	31

Source: CCFSE.

These participation figures cover programmes designed for initial and continuing training as well as training courses for unemployed people within ESF cofinanced programmes. Between 1996 and 1998, the number of trainees in ESF-supported training in the Portuguese mainland increased by 59%, demonstrating a huge increase in vocational training activities. In the autonomous regions (Madeira and the Azores) the increase was much smaller at 31%, although the relative weight of these regions compared to the mainland has decreased 1%

during the same period (5% in 1998 compared to 6% in 1996). In the same way as the mainland, funding figures are not available by type of vocational training for the autonomous regions; Table 11 shows total costs for 1996 and 1998.

Table 11 Total costs of vocational training cofinanced by the ESF

	1986 (*)		1991 (*)	1996			1998		
	million PTE	million EUR	million EUR	million PTE	million EUR	% change	million PTE	million EUR	% change
Portugal mainland	42.4	0.21	337	86 584	432	28	119 368	595	38
Madeira / the Azores	-	-	-	5 625	28	-	5 611	28	-0.2

(*) Estimates.

Source: CCFSE, DAFSE and Ministry of Planning and Territorial Administration.

Between 1996 and 1998, the total funding for training cofinanced by the ESF for the Portuguese mainland has increased by 38%. Between 1986 and 1998, funding increased by 2 815 times. The funding of VET in the autonomous regions represented 6% of total VET funding in Portugal in 1996 which decreased to 5% in 1998 (as with the number of trainees). This represented a decrease of 0.2% in absolute funding for these regions.

Table 12 Components of the total cost of vocational training cofinanced by the ESF

	1986 (*)		1991 (*)		1996			1998		
	million PTE	million EUR	million PTE	million EUR	million PTE	million EUR	Δ %	million PTE	million EUR	Δ %
National funding	17.1	0.09	22 319	111	20 986.8	105	-6	28 917	144	38
ESF	31.8	0.16	45 315	226	64 566.5	322	42	88 214	440	37
Private funding (1)	n/a	n/a	n/a	n/a	1 030.5	5	n/a	2 237	11	117
Total cost	48.9	0.24	67 634	337	86 584	432	28	119 368	595	38

(*) Estimates.

(1) Private funding includes the contribution required from private entities in the costs of the training, and indirect participation in the form of wage costs of trainees during training hours or materials used in the training. This table excludes funding within the autonomous regions, as the funding sources cannot be broken down.

NB: The massive increases in funding for 1991 compared to 1986 are due to Portugal's accession to the EU in 1986.

Source: CCFSE, DAFSE and Ministry of Planning and Territorial Administration.

In 1998, Portugal received PTE 88 214 million (EUR 440 million) from the ESF for total VET funding, this represented a 37% increase on 1996. Between 1991 and 1998, the increase in funding was 94%. The largest increases can be seen in private funding between 1996 and 1998 although its relative weight to other sources of funding supported by the ESF was only 2%.

Table 13 Share of the total costs of ESF cofinanced VET, by source of financing

(%)

	1986	1991	1996	1998
National funding	35.0	33.0	24.2	24.2
ESF	65.0	67.0	74.6	73.9
Private funding	n/a	n/a	1.2	1.9
Total cost	100	100	100	100

Source: CCFSE, DAFSE and Ministry of Planning and Territorial Administration.

The growth in the share of ESF and private funding compared to national funding levels must be highlighted over this period.

1.5.4. Community support framework 1994-99

Support for vocational training through the second Community support framework 1994-99 (CSF II) for Portugal is spread across a number of different priorities.

Table 14 Operational programmes and measures with cofinancing from ESF in CSF II (1994-99)

Priority I	**Qualify human resources and employment**
Operational programmes	Measures
Prodep II	Continuing vocational training of teachers and education administrators
	Technological, artistic, vocational training and recurrent education
	Advanced training in tertiary education
	ESF technical assistance
Praxis XXI	Advanced training of human resources
	ESF technical assistance
Profap	Vocational and improvement training of civil servants
	ESF technical assistance
Pessoa	Apprenticeship system
	Professional initiation and initial qualification
	Insertion in the labour market
	Employment support
	Continuing vocational training
	Vocational training for unemployed people
	Vocational training for workers within declining activities
	General measures
	Training of trainers and other agents
	ESF technical assistance
Priority II	**Reinforce the competitive factors of the economy**
Operational programmes	Measures
Agriculture	Training and education
Fisheries	Professional valorisation and social support
Industry (PEDIP II)	Strategies of promotion of human resources
Tourism and cultural heritage	Vocational training for tourism professionals

Priority III	**Promoting quality of life and social cohesion**
Operational programmes	Measures
Health	Vocational training
	ESF technical assistance
Integrar	Support to social development
	Social and economic integration of long-term unemployed adults
	Social and economic integration of disabled persons
	Social and economic integration of disfavoured groups
Priority IV	**Strengthen the economic regional basis**
Operational programmes	Measures
PPDR (rural and local development)	Support to investment, handicrafts and job creation
	Local support programmes
Pedraa (development of the Azores archipelago	Vocational training
	Employment creation
	ESF technical assistance
Popram (for the autonomous region of Madeira)	Vocational training
	Actions for employment development
	ESF technical assistance
Pediza	Human resources valorisation
Technical assistance programme	ESF technical assistance

Source: Compiled by the authors.

Through Priority I (qualify human resources and employment), ESF cofinancing was channelled between:

- Prodep II, to ensure additional vocational training opportunities over and above that provided in the educational system, namely the vocational schools and the training of teachers;
- Praxis XXI, financing VET in the framework of the national technological and scientific system;
- Profap, for training employees within public administration;
- Pessoa, covering IVT, CVT, UVT and training of trainers.

In Priority II (reinforcing the competitive factors of the economy) an operational programme has been established to modernise the economic structure, under which specific subprogrammes are targeted to specific training activities.

Priority III (promoting quality of life and social cohesion) in terms of VET activities is targeted at training through two operational programmes:

- Health (*IO Saúde*) for the vocational training and retraining of health professionals;
- Integrar, targeted at people at a disadvantage within the labour market.

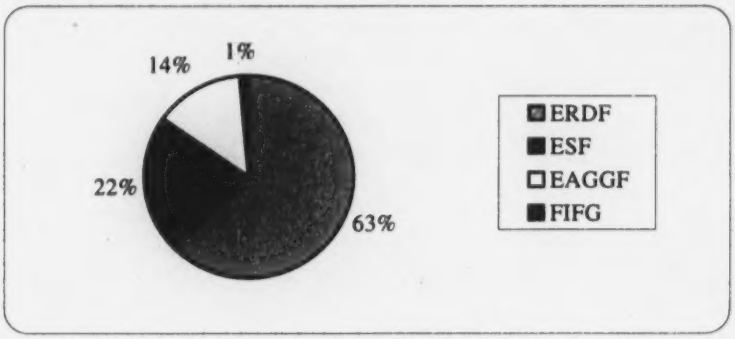
In the context of Priority IV (strengthening regional economies), programmes are targeted towards less developed regions, namely the interior of mainland Portugal and the islands:

- PPDR – Promotion of regional development potential (*Promoção do Potencial do Desenvolvimento Regional*), supports specific projects in less developed regions;
- Pedraa II – support for the Azores archipelago;
- Popram – support for the Madeira islands;
- Pediza – a specific programme to support the development of the region that benefits from the Alqueva Dam in Alentejo.

In addition to these programmes, the technical assistance programme assists the implementation of ESF cofinanced activities.

In CSF II (1994-99), ESF financing for the above priorities, measures and programmes represented 22% of the total amount received by Portugal for the whole CSF.

Figure 10 EU financing according to fund type



NB: ERDF European Regional Development Fund
ESF European Social Fund
EAGGF European Agricultural Guidance And Guarantee Fund
FIFG Financial instruments for fisheries guidance

The following table shows the financial programming for the period 1994 to 1999 (according to the reprogramming of 1998) for total public expenditure, Community support and specific support from ESF for those operational programmes with a training element. Education and general vocational training measures (Prodep II and Pessoa programmes) represent almost two thirds of the total funding.

Table 15 ESF grants for the period 1994-99, by priority and operational programme

(thousand ECU)

Priority	Operational programme (OP)	Total public expenditure (1)	Community cofinancing (2)	Cofinancing rate (2)/(1)	ESF (3)	(3)/(2)	ESF funds per OP (%)
I	Prodep II	1 801 676	1 337 033	74%	707 872	53%	22
	Praxis XXI	503 500	376000	75%	164 000	44%	5
	Profap	69 684	52 000	75%	33 000	63%	1
	Pessoa	1 852 156	1 389 116	75%	1 323 468	95%	41
II	Agriculture	2 367 806	1 775 853	75%	77 253	4%	2
	Fisheries	281 166	217 445	77%	11 445	5%	0
	Industry	2 413 590	1 770 043	73%	256 273	14%	8
	Tourism and cultural heritage	513 227	384 891	75%	41 891	11%	1
III	Health	515 093	386 319	75%	49 000	13%	2
	Integrar	440 109	330 082	75%	279 001	85%	9
IV	PPDR	539 453	404 641	75%	93 774	23%	3
	Pedraa	865 025	696 778	81%	69 500	10%	2
	Popram	646 979	417 800	65%	71 600	17%	2
	Pediza	362 567	203 133	56%	5 000	2%	0
	Technical assistance	158 866	119 142	75%	42 332	36%	1
	TOTAL	13 330 897	9 860 276	74%	3 225 410	33%	100

Source: Relatório de execução - QCA 1994-99 (Execution report 1998 - CSF 1994-99).

1.5.5. Community support framework 2000-06

In the CSF III (2000-06) the overall structure of the objectives and the priorities has changed, as follows:

- Priority I to raise the level of qualifications within Portugal, promote employment and social cohesion;
- Priority II change the productive profile towards the activities of the future;
- Priority III promote the economic value of the territory and the geo-economic position of the country;
- Priority IV promote sustainable development within the regions and national cohesion.

As in CSF II, ESF grants are shared between the various priorities through the operational programmes (with the exception of Priority III) as indicated in the following table:

Table 16 Share of ESF grants per Priority of CSF III (2000-06)

(%)

Priority I	55
Priority II	7
Priority III	0
Priority IV	31
Performance reserve	4
Programming reserve	2
Technical assistance	1
Total	100

Source: Resumo Do Quadro Comunitário de Apoio Portugal 2000-06 - DOC 42/03/00/02, DGDR - Direcção Geral do Desenvolvimento Regional (*Directorate-General for Regional Development*).

Clearly, Priority I (which contains most programmes related to education and vocational training) is allocated the largest volume of ESF funds (55%). Although in CSF II, these programmes were allocated almost 64% of ESF grants. In the CSF III, grants for education and vocational training are also present in the regional programmes included within Priority IV. The regional development programmes share of ESF represents 31% of the total ESF grants from 2000 to 2006. In addition to changing the priorities within CSF III, the structure of the operational programmes have changed, as indicated:

Table 17 Share of ESF grants by the operational programmes of CSF III 2000-06

(thousand EUR)

Priority	Operational programmes	Total public expenditure (1)	Structural funds (2)	Cofinancing rate (2)/(1)	ESF (3)	(3)/(2)	% share of ESF
I	Education	1 636 818	1 167 417	71%	764 071	65%	16
	Employment, vocational training and social development	2 573 738	1 606 174	62%	1 548 270	96%	33
	Science, technology and innovation	931 282	464 144	50%	189 650	41%	4
	Information society	625 035	316 239	51%	54 898	17%	1
	Health	634 083	475 574	75%	13 132	3%	0.3
II	Agriculture and rural development	1 762 945	1 221 505	69%	97 320	8%	2
	Economy	4 098 366	2 732 154	67%	240 617	9%	5
IV	Region North	4 327 296	2 717 599	63%	454 583	17%	10
	Region Centre	2 693 321	1 710 524	64%	213 176	12%	5
	Region Lisbon and Tagus Valley	2 523 099	1 448 508	57%	430 919	30%	9
	Region Alentejo	1 751 372	1 088 659	62%	116 108	11%	2
	Region Algarve	707 115	453 340	64%	48 681	11%	1
	Region Azores	1 098 114	854 441	78%	98 173	11%	2
	Region Madeira	1 086 689	704 711	65%	100 821	14%	2
	Performance reserve	1 311 361	821 000	63%	189 013	23%	4
	Programming reserve	855 275	535 460	63%	116 598	22%	2
	Technical assistance	108 386	81 310	75%	44 917	55%	1
	Total ESF programmes	28 724 295	18 398 759	64%	4 720 947	26%	100
	Total CSF	32 799 992	20 535 000	63%	4 720 947	23%	

Source: Resumo Do Quadro Comunitário de Apoio Portugal 2000-06 - DOC 42/03/00/02, DGDR - Direcção Geral do Desenvolvimento Regional (*Directorate-General for Regional Development*).

In the new framework, funding from the ESF represents approximately 23% of total EU grants, a little more than in the CSF II (22%). Furthermore, there has been a substantial increase in ESF grants from CSF II (1994-99) to CSF III (2000-06) with an average annual increase of 22%.

2. Initial vocational training (IVT)

2.1. Background

Initial vocational training is targeted at people completing compulsory education ([4]), normally aged above 16. It is designed to confer a certified professional qualification, as well as to prepare young people for adult and professional life. It can be provided in public or private schools, vocational schools (*Escolas Profissionais*), recognised training institutions (either public or private) or in enterprises (under the apprenticeship scheme, for example). The following table provides an overview of the different pathways that can be followed in IVT, the funding sources available and the main training providers ([5]).

Table 18 IVT pathways, funding and training providers

Pathways	Funding sources ([1])	Training providers
Within the educational system		
Courses mainly oriented to the insertion on the labour market	State budget	Secondary schools
Courses of the vocational schools	ESF	Private/public vocational schools
Within the labour market framework		
Initial qualification courses	ESF Private (enterprises or individuals)	IEFP (direct and jointly managed) employment and vocational training centres All other training institutions (not schools or vocational schools)
Apprenticeship	ESF	IEFP and other training institutions

([1]) References to the ESF relate to the cofinancing with the State budget and, in some cases, a private contribution. This issue has been discussed in Section 1.5.

Source: Compiled by the authors.

([4]) Compulsory education in Portugal lasts for nine years (with three cycles of 4+2+3 years respectively).

([5]) A detailed description of the VET system in Portugal can be found in: Casqueiro Cardim, José. *O Sistema de Formaçao Profissional em Portugal*. Luxembourg: Office for Official Publications of the European Communities, 2000. (Cedefop Monograph series). This monograph will be published in English, French and German at a later date.

Table 19 Number of trainees and % of total participation in ESF-cofinanced IVT

	1996		1998		1998/96 change	
	%	Number	%	Number	%	Number
IVT participation	25	96 250	21	127 760	33	31 500
Total	100	387 243	100	617 005	59	229 762

Source: CCFSE.

IVT trainees represent 21% of total trainees cofinanced by the ESF since 1998: an increase of more than 31 000 people since 1996. Between 1996 and 1998, the number of participants in initial training increased by 33%. That growth represents 14% of the growth in all people participating in ESF cofinanced training. As a proportion of the total number of participants, IVT has declined in significance by 4%.

As shown in Table 18, IVT contains two different paths: the educational and the vocational. In the education path, courses are designed for participants to pursue academic studies and to enter the labour market. The vocational path accompanies normal school activities and confers an ISCED levels 2 or 3 professional qualification as part of the school qualification.

2.1.1. IVT in the education system

The education system has been criticised for years for not providing adequate vocational training for students, as most of the available courses do not confer any professional qualification. The demand and supply of education is oriented to the so-called 'courses mainly oriented to the prosecution of studies' (*cursos principalmente orientados para a prossecução de estudos*) that are intended to prepare students for the tertiary education level.

The supply of IVT within the education system is viewed as narrow and limited, but a revision of the secondary education structure is underway to provide more VET opportunities. Over recent years an enlarged supply of technical and professional courses, through the introduction of vocational schools, represented an important development in providing every student with the opportunity of leaving the education system with some kind of vocational training and professional certification.

School-based IVT under the tutelage of the Ministry of Education, is based on:

- 'courses mainly oriented to labour market insertion' (*cursos principalmente orientados para a inserção no mercado de trabalho*). These are courses that combine the regular content of general educational programmes with specific training in vocational areas. These have output in the 9th year of schooling (compulsory schooling level) and the 12th year (secondary schooling diploma);
- 'courses of the vocational schools' (*Escolas Profissionais*) that provide education and vocational training in an out-of-school environment. These combine an academic content

with a vocational training specialisation. Vocational schools also provide qualifications at ISCED levels 2 and 3 at 9th and 12th grade, respectively.

There are 11 technical courses ([6]) provided at upper secondary schools and more than 150 provided at vocational schools.

All the training provided under these two systems is designed to allow students to leave with a schooling diploma and a professional certificate, or to continue following their academic studies to the next stage (upper secondary or tertiary cycles, accordingly). They are also designed to last for equal lengths of time. A student pursuing an IVT option within the education system will spend the same number of years to achieve a schooling certificate as a student opting for the academic path. The student choosing a vocational path will also have academic preparation for tertiary education, besides the vocational training preparation and certificate.

The following table provides an overview of the number of trainees per type of IVT described and its relative importance with other equivalent options.

Table 20 Trainees per type of IVT provided within the education system 1998/99

Pathway	Total students	Public schools	Private schools
A. Enrolment in vocational schools level 2 ([1])	716	85	631
B. Total enrolment in third cycle ([2])	414 723	373 598	41 125
% enrolment in vocational schools level 2 (A/B)	*0.17%*	*0.02%*	*1.53%*
C. Enrolment in vocational schools level 3 ([3])	26 775	2 582	24 193
% enrolment in vocational schools level 3 (C/E)	*6.91%*	*0.78%*	*42.92%*
D. Enrolment in vocational courses ([4])	70 566	65 846	4 720
% enrolment in vocational courses (D/E)	*18.21%*	*19.88%*	*8.37%*
E. Total enrolment in upper secondary ([5])	387 577	331 215	56 362

([1]) Number of students enrolled in vocational schools in level 2 courses, which are the academic equivalent to the 7th to 9th years of schooling (compulsory schooling).

([2]) Total numbers of students enrolled in lower secondary schools (7th to 9th years of schooling).

([3]) Number of students enrolled in vocational schools in level 3 courses, which are the academic equivalent to the 10th to 12th years of schooling (upper secondary level).

([4]) Number of students enrolled in 'courses mainly oriented to labour market insertion' in secondary schools at upper secondary level.

([5]) Total number of students enrolled in upper secondary (9th-12th year)

NB: The percentage figures indicated in the public and private school columns are expressed as a percentage of total enrolment within those providers.

Source: Department of Evaluation, Prospective and Planning, Ministry of Education (*DAPP – Departamento de Avaliação, Prospectiva e Planeamento do Ministério da Educação*).

([6]) Current proposals are to increase the number of technical courses to 17 within the secondary education curriculum that provide professional qualifications alongside the schooling certificate.

This table indicates the relatively low weight of students acquiring IVT qualifications at both the lower and upper secondary levels. The table also indicates the relative importance of private vocational schools compared to public vocational schools for the provision of initial training (points A and C) although public provision of technological courses ('courses mainly oriented to labour market insertion') within upper secondary schools dominates private enrolment figures (point D).

The Ministry of Education must certify private professional schools. They are eligible for public funding and are based on private/local partnerships, in other words they must be created on the basis of an association of local actors, namely non-governmental organisations (NGOs), companies, trade unions, company associations or local government. The accreditation process is based on an analysis of their proposed courses and their ability to deliver them.

2.1.2. IVT as labour market training

For those having left the educational system there are two main IVT pathways:
(a) initial qualification courses (*cursos de qualificação inicial)*;
(b) apprenticeship system.

2.1.2.1. Initial qualification courses

Initial qualification courses are intended and designed for those who have left the education system with an academic diploma, but without any professional qualification certificate. The basic qualification levels are at ISCED levels 2 and 3 and cover a wide array of professional orientations. These courses, as stated previously, can be provided by public training authorities (e.g. IEFP, comprising the directly and jointly managed training centres and other specialised centres) or private institutions (profit or non-profit) i.e. there are a wide variety of institutions which can provide these courses.

Vocational qualifications at ISCED levels 2 and 3 last between 1 200 and 1 500 hours (duration cannot be less than a year) and aim to prepare young people for entrance into the labour market, giving them the skills to fulfil the requirements of a certain profession. In some professions where access requirements are regulated, the training certificate can only be issued after an examination involving the social partners (trade unions and enterprise associations).

There is also an additional access qualification course designed for those who have not completed compulsory education as a starting point for a professional and education reinsertion. These last 250 hours and confer an ISCED level 1 professional certificate.

Initial qualification courses can take place in the framework of the mainstream ESF cofinanced programmes (Pessoa) or in operational programmes designed to support sectoral vocational training problems (industry, tourism, health, public administration, etc.).

2.1.2.2. Apprenticeship training

Apprenticeship training provides formal education equivalencies based on an alternance regime, i.e., combining theoretical and practical training which includes training in a labour market situation. The apprenticeship must include practical, socio-cultural and technological training and is targeted at all people in the labour market (employed or unemployed) aged between 15 and 25. It is designed to confer professional qualifications and improve existing levels of competence to provide opportunities for professional progress.

The apprenticeship is a dual system of training in enterprises and training centres (public or private) coordinated by the IEFP. Participating enterprises need to be certified to cooperate with IEFP-recognised training centres. The apprenticeship comprises:

(a) general training, provided by a training certified institution (which can be an enterprise); and
(b) practical training, provided by an enterprise, with a formal contract with IEFP.

Apprenticeship training varies in length (between one and three years) according to the level of qualification. For ISCED 1 qualification (orientation) duration ranges between 600 and 800 hours, for ISCED level 2 (apprenticeship) between 1500 and 3000 hours, and for ISCED level 3 (apprenticeship for technological specialisation) between 1500 and the 4500 hours. Apprenticeships have three different educational components with variable duration: social-cultural training (including Portuguese and a foreign language), scientific-technological training (including mathematics and specific technology), and finally practical training, comprising school-based and work-based training in alternation between a training centre and a company.

Training in the apprenticeship system is subject to a regulatory framework that implies the agreement of social partners to authorise a specific course. In 1999, the apprenticeship system included 229 recognised professional qualifications in all economic sectors from agriculture to computer training.

2.1.3. Other initial vocational training programmes

There are also training courses dependent on both the Ministry of Labour and Solidarity and the Ministry of Education, known as the educational/vocational training programmes (*Programas Educação/Formação).* They are designed to provide initial training to trainees without an academic diploma who are new entrants to the labour market. In these courses, which are more flexible than apprenticeship programmes, trainees can obtain a professional qualification and a primary or lower secondary diploma.

There is also a specific training programme targeted at people under 21 (*Programa sub/21*) trying to enter, or already within, the labour market who do not have a basic schooling diploma and/or a vocational training certificate. Under this programme they can obtain both.

A further scheme, the programme school/workshops (*Programa Escolas Oficina*) is intended to provide IVT for young jobseekers in traditional crafts and environment-related sectors within an enterprise environment coupled with education and training to enhance the professional and academic competences of trainees. In the overall framework of VET, it is a small scheme, although it has been growing in recent years.

2.2. Funding sources for IVT

There are three main sources of funding for IVT (and for the VET system more generally, see Section 1.5.) in Portugal: ESF grants, State social security and national budgets and private funding.

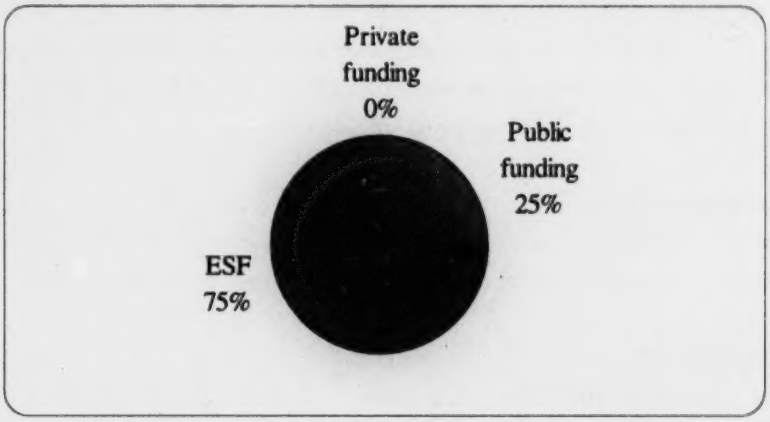
Table 21 Sources of funding for IVT

	1996		1998		1998/96
	million PTE	million EUR	million PTE	million EUR	% change
Public funding	11 021	55	12 546	63	14
ESF	33 106	165	37 637	188	14
Private funding	41	0.2	0.9	0	-98
Total cost	44 168	220	50 184	250	14

Source: CCFSE.

The general split of financing between national sources and ESF funds is 25:75. Private funding in IVT is minimal as can be seen in the above figures. It must also be noted that the growth in funding for IVT has been significant in recent years expressed in the 14% nominal increase between 1996 and 1998. As a general rule, sources of indirect funding are not relevant. The only source is the revenue from the sale of products resulting from the practical part of training courses, but this is a very small amount.

Figure 11 IVT sources of funding in ESF cofinanced programmes in 1998



2.2.1. EU funding

In 1998, IVT costs represented 51% of the total ESF cofinanced training. IVT benefits from more ESF cofinancing than the other training types included within this report. The rate of cofinancing for IVT from the ESF is 75% as the whole country is classified as a less developed region (Objective 1).

2.2.2. Public funding

Sources of public funding can originate from various bodies:

(a) central government through the national budget to the different ministries and the social security budget;
(b) autonomous regions through the Azores and Madeira governments;
(c) local authorities (municipalities); and
(d) other public organisations, such as institutes like IEFP.

The main sources of public funding originate from national and the social security budgets.

(a) **Central government funding**

As mentioned in Section 1.4., administration of the training system in Portugal is centralised: the country does not have a regional political or administrative structure. The State ministries, however, are organised on a decentralised basis, with the different ministries having their own regional administrative structure for their services. The policies of vocational training, therefore, are often tailored to different populations leading to a variety of training programmes.

The financing rules, however, are the same for each ministry with the exception of the Ministry of Labour and Solidarity. All other ministries receive their funding from the national budget. The Ministry of Labour and Solidarity receives its budget from the

Institute of Financial Management for Social Security (IGFSS - *Instituto de Gestão Financeira da Segurança Social*) which receives funds from the single social tax (SST) paid by employees and firms. Of the single social tax collected by the IGFSS, 4.7% is distributed to the Employment and Vocational Training Institute (IEFP) to finance VET and active employment activities and programmes;

(b) **Regional government funding**

Only the Azores and Madeira are governed at regional level. It is not possible to disaggregate the funding of VET activities in these regions by training type;

(c) **Local government funding**

With the exception of training provided to local administration employees, there are no local government funding sources for vocational training. Nevertheless, local authorities have an important role in providing indirect sources of funding to IVT through the provision of training facilities, which is especially important in rural areas;

(d) **Private funding**

The main sources of private funding are enterprises and their employees for either collectively organised training or that undertaken on individuals' own initiatives. No total figures are available for this, except the element of private funding which receives ESF cofunding. Private funding for IVT is minimal as ESF cofinanced programmes provide full coverage of costs incurred by training actions.

2.2.3. Levels of participation and funding for initial education and vocational training

Table 22 Number of trainees in IVT by training sector cofinanced by the ESF

	1996		1998		Change 1998/96	
	Number	%	Number	%	Number	%
Education	47 215	49	61 393	48	14 178	30
Technical, artistic and professional training, resumed adult education	11 281	24	25 545	42	14 264	101
Vocational schools	35 934	76	35 848	58	-86	-1
Vocational training	35 484	37	54 299	42	18 815	53
Apprenticeship	13 124	37	21 241	39	8 117	43
Initial qualification and other initial training	13 709	39	17 698	33	3 989	21
Training trainers and other agents	8 651	24	15 360	28	6 709	36
Sectoral training	13 559	14	12 072	10	2 173	-11
Agriculture	1 808	2	668	0	-1 140	-63
Industry/technical schools	1 499	2	809	1	-690	-46
Tourism	2 184	2	2 231	2	47	2
Health	8 068	8	8 364	7	296	4
Total	96 258	100	127 764	100	31 506	33

Source: CCFSE.

Most trainees in 1998 participated in initial training within vocational schools, either private or public within the education sector. Despite an overall increase of 14 000 people attending IVT within the education sector, there was a reduction of 1% compared to 1996. There was also a high increase in participation in training directed at the labour market (53% comparing 1998 and 1996). This represents 42% (5% more) of the total IVT trainees in 1998. Together, these two sectors account for 86% of trainees. Funding for these programmes is shown in the following table.

Table 23 IVT funding by education/training sector and per capita expenditure

(million PTE, million EUR in brackets)

	1996				1998				% change in total funding 1998/96	Per capita expenditure in 1998 PTE (EUR)
	Total training funding	National public funding	ESF funding	Private funding	Total training funding	National public funding	ESF funding	Private funding		
Education	**17 276**	**4 319**	**12 957**		**21 202**	**5 301**	**15 902**		**23%**	**350 000**
	(86.17)	**(21.54)**	**(64.63)**		**(105.75)**	**(26.44)**	**(79.32)**			**(1 746)**
Technical, artistic and professional training, resumed adult education	1 710	427	1 282		2 970	743	2 228		74%	120 000
	(8.53)	(2.13)	(6.39)		(14.81)	(3.71)	(11.11)			(598)
Vocational schools	15 566	3 892	11 675		18 232	4 558	13 674		17%	510 000
	(77.64)	(19.41)	(58.23)		(90.94)	(22.74)	(68.21)			(2 544)
Vocational training	**23 246**	**5 801**	**17 404**	**41**	**25 078**	**6 269**	**18 808**	**0.09**	**8%**	**460 000**
	(115.95)	**(28.93)**	**(86.81)**	**(0.20)**	**(125.13)**	**(31.27)**	**(93.81)**	**(0)**		**(2 294)**
Apprenticeship	11 823	2 926	8 867		13 687	3 422	10 265		16%	640 000
	(58.97)	(14.59)	(44.23)		(68.27)	(17.07)	(51.20)			(3 192)
Initial qualification and other initial training	9 629	2 407	7 222		9 408	2 352	7 056		-2%	530 000
	(48.03)	(12.01)	(36.02)		(46.93)	(11.73)	(35.20)			(2 644)
Training trainers and other agents	1 794	438	1 315	41	1 983	496	1 487		11%	130 000
	(8.95)	(2.18)	(6.56)	(0.20)	(9.89)	(2.47)	(7.42)			(648)
Other training (1)	**3 646**	**901**	**2 745**	**0.2**	**3 904**	**977**	**2 928**	**0.8**		**323 000**
	(18.19)	**(4.49)**	**(13.69)**	**(0)**	**(19.47)**	**(4.87)**	**(14.61)**	**(0)**		**(1 611)**
Agriculture	541	125	416	0.2	144	36	107	0.8	-73%	220.000
	(2.70)	(0.62)	(2.08)	(0)	(0.72)	(0.18)	(0.53)	(0)		(1 097)
Industry/technical schools	1 001	250	751		1 078	270	809		8%	1 330 000
	(4.99)	(1.25)	(3.75)		(5.38)	(1.35)	(4.04)			(6 634)
Tourism	1 260	315	945		1 643	411	1 233		30%	740 000
	(6.28)	(1.57)	(4.71)		(8.20)	(2.05)	(6.15)			(3 691
Health	844	211	633		1 039	260	779		23%	120.000
	(4.21)	(1.05)	(3.16)		(5.18)	(1.30)	(3.89)			(599)
Total (million PTE)	**44 168**	**11 021**	**33 106**	**41**	**50 183**	**12 545**	**37 637**	**0.9**	**14%**	**0.39**
Total (million EUR)	220.3	55.0	165.1	0.2	250.3	62.6	187.7	0.0	14%	0.194

(1) The figures under 'other training' are the IVT courses included in sectoral programmes implemented by different ministries within the Community support framework.

Source: CCFSE.

The above table shows the differences in funding levels for the various types of IVT. When comparing increases in participation rates with funding increases, it can be seen that funding levels have expanded much less than participation rates: the number of trainees has increased by 33% whereas funding has only grown by 14%.

2.3. Funding distribution mechanisms

2.3.1. School-based IVT in the education system

Funds are distributed through the national budget and managed within the Ministry of Education according to its own national and local priorities.

2.3.2. Vocational schools (under the Ministry of Education)

This category can be further split into private and public schools:

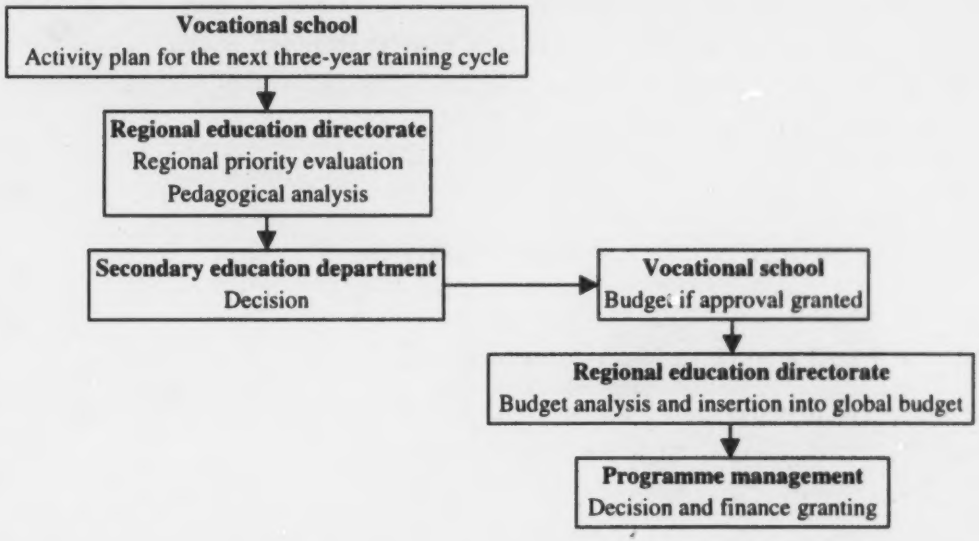
(a) private professional schools are 75% cofinanced by the ESF, 12.5% by the national budget and 12.5% by the social security budget;

(b) public professional schools are 75% funded by the ESF and 25% by the national budget.

In both cases any tuition fees paid by trainees are deducted from the grants that cover the total costs.

To receive funding, each vocational school has to develop a proposal stating the courses they will provide in terms of structure, objectives and their social and economic relevance for the local population. Funding is granted for the three-year training cycle, renewed on an annual basis, reflecting changes in the number or kind of courses to be started. This means that there are two different flows, one based on the pedagogic programming and another on the financial and budgetary approvals for new courses.

Figure 12 Funding management for IVT in vocational schools



The flow of decisions is between the vocational school and the Ministry of Education through its regional and central departments ([7]). The process of bidding for, and allocating, funds is based on an analysis of local and regional market needs and development strategies supported by public authorities.

2.3.3. Apprenticeship system

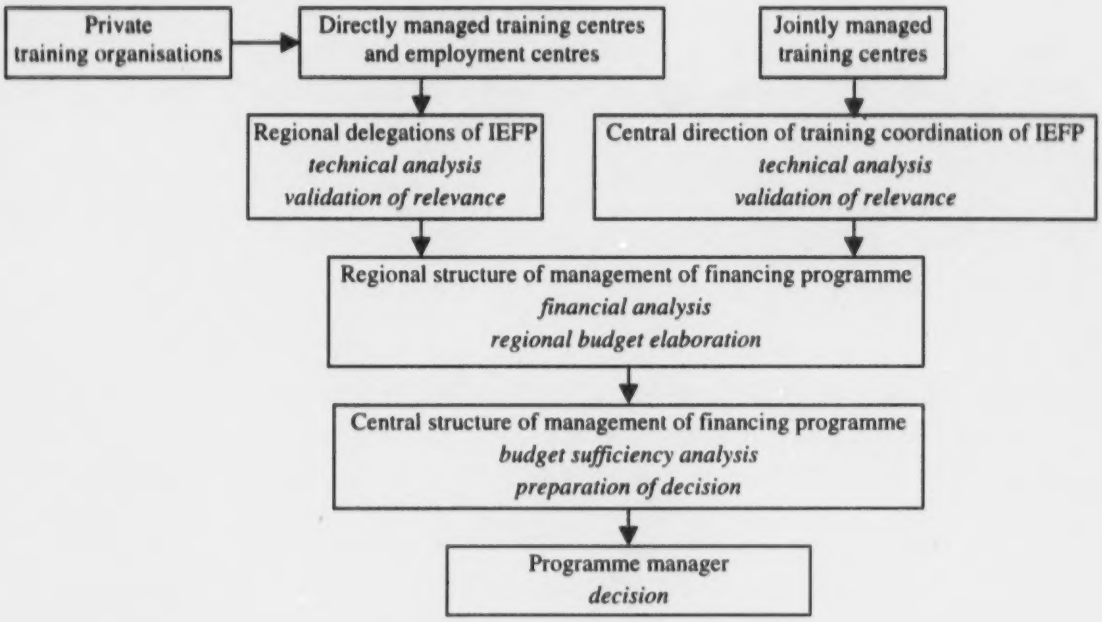
This is under the responsibility of IEFP operating under the National Commission for Apprenticeship (CNA – *Comissão Nacional de Aprendizagem*) which has representatives from public institutions, trade unions and employers associations. The following organisations are important for apprenticeship:

(a) CNA defines the orientation of apprenticeship training and approval of new training areas as well as identifying adjustments required to existing training profiles;
(b) IEFP has executive responsibilities and coordinates apprenticeship initiatives;
(c) training organisations are responsible for the training process and organisation and development of training activities;
(d) coordinating organisations are responsible for the organisation and execution of the theoretical components of training and for the work-based training element. These can be either IEFP employment or training centres or other certified organisations;
(e) organisations supporting the training in work context (e.g. enterprises) which can be responsible for the whole or part of this training.

([7]) Regional education directorates are regional units of the Ministry of Education, the secondary education department is a central unit of the Ministry of Education. Programme management is independent from the ministry, answering to global ESF management and the EU.

Apprenticeship contracts are tendered in two annual periods (January to March and September to October) and are evaluated by the national training programme manager. The following figure shows the bidding process for the apprenticeship initiative.

Figure 13 Bidding process for apprenticeship schemes



The bidding process is, as shown, based in the local structures of IEFP (employment and training centres) who channel their own, together with, private bids. Within the global framework of planned provision at local, regional and national levels, these bids are passed to the management of the Pessoa programme (the operational programme financing apprenticeship courses up to 1999, see Section 1.5.4) that covers the three final layers of the bidding decision process depicted above. Enterprise funding for apprenticeships is minimal, in fact they may receive funding for providing the practical part of the programme.

The financing of apprenticeship training has legally defined limits on the costs per trainee/hour of PTE 900 (EUR 4.50) according to a regulation from 1997.

2.3.4. Other initial vocational training

Other initial qualification vocational courses have a more simple bidding structure from every provider (public or private) to the management structure of the ESF specific programme. The 'education/training', 'under 21' and 'school workshops' programmes receive funding in the same way as apprenticeships.

2.4. Conclusions

IVT in Portugal is divided between the education system and the labour market training structure. Participation is fairly equally shared between the two structures. Within the education system vocational schools have been the most important provider of IVT, but recent changes have caused a transformation in this situation, with a larger number of students opting for labour market oriented courses at upper secondary schools within the general education system.

Most of the financing for IVT originates from the ESF. The level of private funding is seen as being low, although the lack of data on IVT outside of the ESF structure makes it impossible to estimate.

There are two important features of recent developments in IVT provision in Portugal. The first is the significant increase in the number of trainees that have benefited from the various programmes. Participation rates have grown by an impressive 33% between 1996 and 1998. The second is the apparent increase in the efficiency of the system, as costs increased at a much lower rate: by 14%.

Ensuring more coherence between IVT within the education system and within the labour market is a challenge for the future. Currently, the two systems are separated. The increasing range of IVT opportunities, however, may negatively impact the coherence and effectiveness of the structure as a whole.

Associated with effectiveness is the question of costs. Despite increasing overall efficiency when comparing increases in participation to funding, the most popular programmes are often the most expensive (see per capita cost in Table 23). The final issue is how well IVT provision matches labour market needs (there is little evidence and research into this issue).

It is widely accepted that EU funds have supported a national effort to meet the qualification shortages within the population, namely by promoting the provision of IVT courses. It is recognised, however, that the rate of demographic renewal in Portugal is too low to ignore the low general qualification rates of the adult population. While increases in the provision of IVT are viewed as important to ensure that new entrants to the labour market have professional qualifications, key questions remain about the level of qualifications within the working population, an issue which will be dealt with in the next section.

3. Continuing vocational training (CVT)

3.1. Background

Portuguese legislation defines CVT as an active life process for people in the labour market. It does not differentiate between employed and unemployed people (including first time job-seekers). Thus, CVT is viewed as an integral part of professional life throughout the whole period that individuals are active in the labour market. It aims to promote the necessary adaptations to organisational and technological changes, improve job prospects and to make contributions for cultural, social and economic development. Access is open to people with a primary or secondary school certificate. CVT has strategic importance, as it is viewed as the only way to narrow the qualification gap compared to EU averages.

There are two different types of training aims and target groups within CVT:

(a) for people who want to acquire a qualification or competence in another professional activity;

(b) for people who want to obtain a professional qualification or to reinforce their existing competences.

CVT can take place in a variety of circumstances at different venues and with a range of funding arrangements. Due to the need to raise the qualifications level of the general population and to assist enterprises in adjusting to changing economic circumstances, there are numerous schemes in place to aid this process.

Decree-Laws 401/91 and 405/91 (16 October 1991) define the basic legal framework for CVT. As it is under the responsibility of the Ministry of Labour and Solidarity, the IEFP organises a substantial part of vocational training courses. To do this, the IEFP has 30 directly managed vocational training centres, geographically covering all of Portugal and almost the totality of recognised training areas. The duration of training is established in accordance with its aims and target groups: usually between 60 and 1 500 hours.

In addition, IEFP also participates in partnership arrangements normally with trade unions or enterprise associations, for 27 jointly managed vocational training centres. These are organised according to economic sectors covering nearly all economic activities, offering training for all population groups. The geographical distribution, however, is not balanced, as there are no jointly managed vocational training centres in the south of Portugal apart from some branches covering certain economic sectors.

The roles of the two types of structure differ. While IEFP's directly managed training centres should be focused on providing IVT and UVT, jointly managed centres should concentrate on CVT. In practice, however, both types of structures can (and do) provide every kind of training.

Provision of CVT tends to be through tailor-made programmes. There are some tensions with this as while enterprises may be provided with very specific training, such specificity creates problems for general recognition and certification. This point may be significant when considering the need to upgrade labour market standards and the pervasive lack of qualification within the Portuguese workforce.

CVT courses also exist for teachers and trainers (including teacher training and school management training), and for employers; managerial and professional speciality occupations, including bachelors and licentiates degree, as well as special courses for their development.

Trade unions, enterprise associations and their confederations also play an important role in CVT. The main promoters, in 1998, were non-profit organisations (205 have promoted training activities representing 39% of the total CVT budget), public institutions (with seven being responsible for 28% of the total budget) and profitable organisations, mainly enterprises (with 349 receiving 32% of total expenditure).

There are three different types of ESF cofinanced support schemes to promote CVT:

(a) supporting social partner organisations to prepare integrated training bids (*planos integrados de formação)*. This type of support promotes the preparation of a coherent and coordinated set of CVT proposals with certified training providers;

(b) supporting the suppliers of CVT: either enterprises or the various labour market training providers (e.g. IEFP training and employment centres). Both enterprises and training providers can prepare a training plan (*planos de formação)* bidding for funds to provide training to workers within their own or other organisations;

(c) supporting employees and small and medium-sized enterprises (SMEs). Employees can receive individual training scholarships (*bolsas de formação)* to participate in training with a certified provider independent of their employer. SMEs can receive tailored grants (*participações individuais de formação)* to send their employees on training programmes provided by a certified provider organisation.

In terms of the role of enterprises within the CVT structure, it is widely accepted that only a small number are actively involved. According to the European CVT survey ([8]), only 13.1% of enterprises in Portugal offer training of any type, compared to a European average (EU-12) of 57.4%: the lowest value in the EU. Taking provision of CVT, specifically, the Portuguese figure remains the same although the European average falls to 42.7%. In other words, while enterprises in Portugal provide less training compared to other EU countries, what they do provide is focused on CVT. These data are confirmed by Portuguese surveys on enterprise training activities between 1992 and 1997 ([9]): from 70% to 87% of all training activities are defined as 'improvement training'.

([8]) Eurostat (1997), 1994 (CVTS) Continuing vocational training survey in enterprises, Luxembourg.

([9]) Departamento de Estatística, 1998; DETEFP, 1999.

The CVT survey (CVTS 1994) also shows that the 13.1% of enterprises participating in training represented almost 40% of total employment (Eurostat, 1997). From the same source, the 13% share of employees participating in training courses falls short of the EU average of 28%. Portugal ranks last, with Greece, according to this indicator. Despite these figures, Portugal has a striking figure for the length of training courses. Compared to the European average of 10 hours in training per 1 000 worked, Portugal shows a figure of 16.3, only exceeded by Greece with 19.4 hours. This reflects the average length of courses being 84.4 hours to an EU average of about 45 hours.

Taking the share of CVT costs as a percentage of total labour costs, Portugal ranks last in the EU context, with less than 1% versus an EU average of 1.6%. The cost per participant, however, in CVT ranks 10th in the EU, being 87% of the EU average.

This weakness in enterprise participation in CVT supports the widely accepted assumption that (as all the other training types) ESF grants support the largest part of CVT activity.

Table 24 Number of CVT trainees in ESF-supported CVT

	1996		1998		Change 1996-98	
	%	Number	%	Number	%	Number
CVT trainees	64	249 390	67	410 493	65	161 103
Total participation in VET	100	387 243	100	617 005	59	229 762

Source: CCFSE.

Between 1996 and 1998, the number of people involved in CVT increased by 65% which represented 70% of the total growth of participation in all training types. In 1998, CVT represented 67% of the total trainees attending vocational training and is clearly the largest group of all trainees, demonstrating the effort undertaken to qualify further the workforce.

The figures shown indicate that, in 1998, approximately 10% of the total Portuguese workforce profited from ESF cofinanced training. Assuming that the overall figure for enterprise training is approximately 13% (according to CVTS), the privately financed element of CVT would be about 3%. This estimate is inaccurate, however, because of the developments in CVT between 1994 and 1998, nevertheless it indicates the significance of the ESF in supporting CVT activities.

3.2. Funding sources for CVT

Table 25 Sources of funding for CVT

	1996		1998		1996/98
	million PTE	million EUR	million PTE	million EUR	% change
National funding	6 218	31	8 841	44	42
ESF	18 613	93	26 522	132	42
Private funding	936	5	1 639	8	75
Total	25 767	129	37 002	185	44

Source: CCFSE.

Between 1996 and 1998, the total costs of CVT increased by 44%. The biggest increase was in private funding although it represents just 4% of total funding.

(a) **EU funding**

ESF financing for CVT follows the same process as IVT. ESF-supported CVT funding was PTE 26 522 million (EUR 132 million) which represents 30% of the total amount of ESF funding for 1998, and 72% of the total funding for CVT in the same year.

(b) **State funding**

National funding for CVT was PTE 8 841 million (EUR 44 million), representing 24% of total CVT funding in 1998. The sources of funding for CVT are the national and social security budgets.

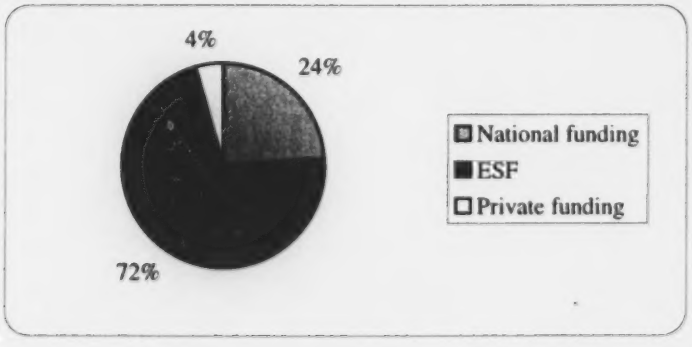
(c) **Regional and local government funding**

The same situation applies to CVT as for IVT described in Section 2.2.

(d) **Private funding**

Private financing for CVT increased by 75% between 1996 and 1998, the largest increase in percentage terms, although it is only a very small part of the total costs of ESF supported CVT.

Figure 14 Breakdown of CVT funding sources for programmes cofinanced by ESF in 1998



The Portuguese national action plan for employment (integrated into the European strategy for employment) indicates the creation of a measure to motivate companies to increase their CVT activities. A reduction in the single social tax *(taxa social única)* will be available for enterprises sending more than 10% of their workers on training courses. This measure has not yet been implemented. As with IVT, CVT training providers can also raise funding through the sale of services although it is not possible to estimate the amount of funding involved.

3.3. Funding distribution mechanisms

Funds for ESF cofinanced CVT follow the same route as those for all ESF funded training in Portugal (as outlined in Section 1.5.). Funds are managed by the Institute for the Management of the European Social Fund (IGFSE) and distributed through the Ministry of Labour and Solidarity to the various training providers, enterprises and individuals. As with IVT, the national and social security budgets as well as private enterprises contribute to ESF funding. For training undertaken at the initiative of enterprises outside the ESF structure, private funding may play more of a role than for IVT, but there are no available figures.

As outlined, funds are distributed to support social partners organisations to prepare a bid to receive training funds. Funds are also distributed to training providers, enterprises (with a specific emphasis on SMEs) and employees. Training providers and enterprises submit their bids to the manager of the operational programmes and are considered for support. Individuals bid for scholarships to the manager of the mainstream operational programme to support CVT ([10]). According to 1997 regulations the cost per hour/trainee to participate in CVT activities are subject to a ceiling of EUR 5.50 (PTE 1 100).

The bidding procedures for Pessoa funds (in CSF II) include a set of criteria that give priority to CVT activities which:

(a) benefit small enterprises with less than 50 workers;
(b) are innovative and connected with the implementation of new technologies or new organisation processes;
(c) are connected with the certification of qualifications;
(d) may contribute to equal opportunities policies;
(e) are conducted in enterprises undergoing restructuring or economic recovery.

The funding available to support individual employees target:

(a) employed workers wanting career progression or employment stability;
(b) workers at risk of unemployment due to economic restructuring or the process of economic recovery in enterprises.

([10]) In CSF II it was the Pessoa programme, from 2000 onwards it is the operational programme employment, vocational training and social development.

All eligible CVT programmes must last a minimum of 250 hours and a maximum of 1 200 hours, with the exception of activities targeted at entrepreneurs or management staff.

3.4. Total levels of funding for CVT

The following table shows the number of trainees in CVT actions per operational programme cofinanced by the ESF.

Table 26 Number and percentage of trainees in ESF-financed CVT, by sector

	1996		1998		Change (1996/98)	
	Number	%	Number	%	Number	%
Education	**75 822**	**30**	**88 376**	**22**	**12 554**	**17**
Training in employment programmes	**48 726**	**20**	**88 104**	**21**	**39 378**	**81**
Continuing vocational training	46 748	96	87 378	99	40 630	103
Training in declining sectors	1 978	4	726	1	-1 252	-3
Public administration training	**32 679**	**13**	**64 649**	**16**	**31 970**	**98**
Agriculture	**6 789**	**3**	**20 371**	**5**	**13 582**	**200**
Farmers and agricultural workers	5 611	83	16 416	81	10 805	80
Training trainers and other agents	1 178	17	3 955	19	2 777	20
Other CVT training programmes:						
Fisheries	1 540	1	535	0	-1 005	-65
Industry	48 286	19	74 005	18	25 719	53
Tourism	4 938	2	5 297	1	359	7
Health	30 610	12	69 156	17	38 546	126
Total	249 390	100	410 493	100	161 103	65

Source: CCFSE.

In 1998, the education sector had the largest number of trainees, although the most significant figures can be seen in the increases in trainees in other sectors, namely agriculture (200%), health (126%), public administration (98%). There has also been a huge increase in training in employment programmes (81%) which represents the second highest number of trainees, practically equalling those training within the education sector. This figure includes all people involved in CVT actions targeted at increasing the qualification levels of employees.

As can be seen in the following table, total training funding between 1996 and 1998 increased by 44%, notably in the health and agricultural sectors, where the increases were 100% and 111% respectively.

Table 27 CVT funding by sector, and per capita expenditure

(million PTE, million EUR in parentheses)

	1996				1998				% change in total cost (1996/98)	Per capita expenditure 1998 PTE (EUR)
	Total training funding	National public funding	ESF funding	Private funding	Total training funding	National public funding	ESF funding	Private funding		
Education	4 245 (21.17)	1 061 (5.29)	3 184 (15.88)	0	6 225 (31.05)	1 557 (7.77)	4 668 (23.28)	0	47	70 000 (349)
Training in employment programmes	9 356 (46.97)	2 254 (11.24)	6 760 (33.72)	342 (1.71)	9 967 (49.72)	2 332 (11.63)	6 997 (34.9)	637 (3.18)	7	110 000 (549)
Continuing vocational training	7 872 (39.27)	1 885 (9.40)	5 654 (28.2)	333 (1.66)	9 507 (47.42)	2 217 (11.06)	6 653 (33.18)	637 (3.18)	21	110 000 (549)
Training in declining sectors	1 485 (7.41)	369 (1.84)	1 105 (5.51)	10 (0.05)	460 (2.29)	115 (0.57)	345 (1.72)	0	-69	630 000 (3 142)
Public administration training	1 202 (5.99)	301 (1.50)	901 (4.49)	0	1 813 (9.04)	453 (2.26)	1 360 (6.78)	0	51 (0.25)	30 000 (150)
Agriculture	1 966 (9.81)	501 (2.50)	1 462 (7.29)	2 (0.01)	4 147 (20.68)	1 031 (5.14)	3 094 (15.43)	22 (0.11)	111 (0.55)	20 000 (100)
Farmers/ agricultural workers	1 784 (8.90)	456 (2.27)	1 327 (6.62)	1 (0)	3 532 (17.62)	878 (4.38)	2 632 (13.13)	22 (0.11)	98	220 000 (1 097)
Training trainers and other agents	181 (0.90)	45 (0.22)	135 (0.67)	1 (0)	615 (3.07)	153 (0.76)	462 (2.30)	0	239	160 000 (798)
Other training										
Fishery	252 (1.26)	63 (0.31)	188 (0.93)	1 (0)	43 (0.21)	10 (0.05)	30 (0.15)	3 (0.02)	-83	80 000 (399)
Industry	7 375 (36.79)	1 696 (8.46)	5 089 (25.38)	590 (2.94)	12 575 (62.72)	2 900 (14.46)	8 698 (43.38)	977 (4.87)	71	17 000 (85)
Tourism	446 (2.22)	112 (0.56)	334 (1.66)	0	381 (1.90)	95 (0.47)	286 (1.43)	0	-15	70 000 (349)
Health	926 (4.62)	232 (1.16)	694 (3.46)	0	1 852 (9.24)	463 (2.31)	1 389 (6.93)	0	100	30 000 (150)
Total (million PTE)	25 767	6 218	18 613	936	37 002	8 841	26 522	1 639	44	90 000
Total (million EUR)	128.52	31.02	92.84	4.67	184.57	44.10	132.44	8.18	0.22	449

Source: CCFSE.

3.5. Conclusions

In the framework of ESF-supported CVT, the ESF provides approximately 70% of total funds. The private contribution is approximately 4%, the remaining being supported by the national budget. As noted before, the qualification level of the Portuguese labour force is very weak and CVT is of utmost importance to reduce the qualification gap of the Portuguese economy compared to the EU average. Assuming that an even higher level of technical skills will be necessary in the future, underqualification remains a major problem, in which case CVT may be a crucial element for economic development.

In terms of CVT trends, the 65% growth in participation in CVT activities between 1996 and 1998 must be highlighted. The increase in participation was accompanied by a 44% funding increase. The number of people involved in CVT activities in 1998 was close to 10% of the Portuguese labour force which is a significant benchmark and a reflection of the priority given to this kind of training (which represents more than two thirds of the total trainees in ESF cofinanced actions). The main beneficiaries of ESF-supported CVT are workers in small enterprises with less than 50 workers, representing 70% of the total.

The main promoters of CVT in 1998 were non-profit organisations (205 organisations promoted actions representing 39% of the total budget), public institutions (with seven being responsible for 28% of the total budget) and profitable organisations, mainly enterprises (with 349 promoters receiving 32% of total expenditure).

It must be stressed that CVT activities tend to be tailor-made programmes. There are some tensions with this tendency in that, while enterprises may be provided with very specific training, such specificity creates problems for the recognition and certification of training outside of the enterprise. This point may be significant when considering the need to upgrade labour market standards.

Perhaps the most significant issue related to the provision of CVT is the small number of enterprises providing it (or any other kind of training) for their workers. CVT remains a domain where a remarkably small number of companies are involved. It is assumed that the need for training in companies is growing and that its importance is increasingly recognised by entrepreneurs, but there is little evidence that it is becoming a part of general business practice. One possible reason for this is the lack of formal education and training that entrepreneurs, themselves, have experienced and that they rely on learning by doing for their own professional development. This may lead to their suspicion of the benefits of investing in training for their workers. Linked to this are the salary pressures for attracting well-trained workers, the loss of investment represented by losing an employee (which an enterprise has trained) to another organisation and the loss of productive time when allowing employees to participate in training activities. All of these issues may mitigate against an enterprise deciding to invest in formal training for their employees.

Nevertheless, ensuring that the Portuguese workforce is equipped to face the economic challenges of the future may become more pertinent, especially if the favourable financial environment of recent years changes.

4. Training for unemployed people

4.1. Background

Although the rate of unemployment in Portugal is one of the lowest in the EU (and there has been stable economic growth in recent years), there are serious weaknesses for certain vulnerable groups such as: low qualified workers; ethnic minorities; disabled people; young people; and elderly workers. The rate of youth unemployment is twice the EU average, which represents and creates serious integration problems in the labour market. The rate of long-term unemployment is also high for older workers and their lack of vocational training restricts their ability to reenter the workforce. It should also be highlighted that cyclical unemployment is significant unlike other EU labour markets where structural unemployment is more problematic.

Given this context, policies are required which reflect the specific needs of individuals to integrate themselves into the labour market and which can deal with the heterogeneity of the different unemployed groups.

For this report, those in unemployment are divided into two groups: first-time jobseekers and adult unemployed people. In the Portuguese legal system, vocational training for unemployed people is included as part of IVT or CVT. In other words, in terms of training supply, the types of training and their operation is the same, although there are specific rules for different types of unemployment. For first-time jobseekers, vocational training supply is as outlined in the IVT section. Training is either undertaken within the formal educational system or within the labour market training structure. For adult unemployed people, the supply of training is within the CVT legal structure.

Even if the legal framework for vocational training is the same for employed and unemployed people, the Portuguese national action plan for employment (*Plano Nacional de Emprego*) for 1999 provided a social vision for trainees, and specified unemployed people, in particular those in long-term unemployment. The 1999 plan stated the national employment goals as being: support for young people entering the labour market; fighting unemployment (especially long-term unemployment and labour market exclusion); and improvement of the levels of professional qualification of the labour force. Unemployed people are treated as a transversal group within these categories.

The financial plan within the national action plan for employment for 1999, committed 46% of existing resources for vocational training and support measures to assist young people to enter the labour market. Within this, 31% was committed to initial vocational training, 46% for professional and artistic teaching and 4% to vocational training for young unemployed people. Concerning support for adult unemployed people, 25% of the planned resources were committed to them, divided into 17% for training programmes, 14% for measures to integrate

long-term unemployed people and 69% for labour force programmes. The promotion of lifelong learning was given 29% of the total resources and 31% to CVT, including vocational training for unemployed people. There are also special vocational training programmes designed for unemployed people. These cover education programmes as well as training to assist those with more serious integration problems to overcome social barriers to entering the labour market.

4.2. Vocational training measures for the unemployed

Decree-Law 140/93 of 6 July, regulates vocational training for unemployed people and other target groups. The law defines the technical, administrative and financing measures for protection and support measures to the following: long-term unemployed people, ethnic minorities, immigrants, prisoners or ex-prisoners, drug addicts and ex-drug addicts, and generally for all groups in danger of exclusion or marginalisation and with social integration problems.

These measures are normally organised through a partnership arrangement established between local authorities, private institutions of social solidarity *(Instituições Particulares de Solidariedade Social* ([11])) and other non-governmental organisations and groups (e.g. trade unions). The IEFP cooperates within the partnership and provides the necessary vocational training through their directly/jointly managed vocational training centres or employment centres.

For unemployed people that do not belong to one of these specified target groups, vocational training courses are organised on the basis of their training needs and demands. These can be called 'normal' vocational training courses attended by the unemployed, which can be developed in the IVT or CVT frameworks.

Table 28 Number of participants in training programmes for unemployed people

	1996		1998		Change 1996/98	
	%	Number	%	Number	%	Number
Vocational training for unemployed people	3	12 804	5	29 889	133	17 085
Total participation in all VET	100	387 243	100	617 005	59	229 762

Source: CCFSE.

Between 1996 and 1998, the total number of participants in programmes for training unemployed people has grown by 133%, representing 5% of the total number of people participating in training in 1998.

([11]) The private institutions of social solidarity are Christian charities, which are a specific type of institution within Portugal; they play an important role in the provision of social support to disadvantaged groups.

4.2.1. Sources of funding

Table 29 Sources of funding for training for unemployed people

	1996		1998		% change
	million PTE	million EUR	million PTE	million EUR	1996/98
National funding	1 230	6	3 900	20	218
ESF funding	3 691	18	11 700	58	217
Private funding	0.8	0	290	1	36 150
Total funding	4 922	24	15 890	79	222

Source: CCFSE.

Between 1996 and 1998, financing for training for unemployed programmes has grown by 222%. The level of growth of private funding has been exponential, although it represents approximately 2% of the total training cost. Funding for this type of training has seen the biggest increase during the period under analysis, and represented 13% of the total cost of training in 1998, more than twice the level in 1996 (6%):

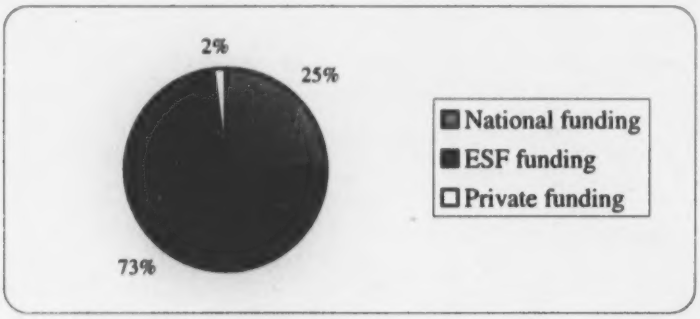
(a) **EU funding**
The amount of ESF funding for training programmes for unemployed people was EUR 58.5 million (PTE 11 700 million) and represents 74% of the funding total.

(b) **State funding**
In 1998, State funding was EUR 20 million (PTE 3 900 million) and represented 25% of the funding total, with an increase of 218% relative to 1996.

(c) **Regional and local government funding**
The same situation applies as for IVT.

(d) **Private funding**
For 1998, the amount of private funding for training programmes for unemployed people had increased enormously compared to 1996 (36 150 times bigger), although private funding represents only 2% of the total funding for UVT, and 13% of the total private funding for all VET in the same year.

Figure 15 Breakdown of funding sources for ESF-cofinanced vocational training in 1998



As with other training types, it is difficult to identify and measure the indirect sources of funding for training programmes for unemployed people. A path of indirect financing was recently considered in a programme created in 1999: the 'rotation employment-training programme' (*Programa Rotação Emprego-Formação*) that allows enterprises to recruit unemployed workers with public support, when the enterprise wishes to send its own employees for training during working hours. The enterprise, which agrees a work contract with the substitute worker, is exempt from paying the social security tax for the worker attending training during the training period. Until now there has been little use of this measure.

4.2.2. Total levels of funding for training programmes for unemployed people

Table 30 Participants in training programmes for unemployed people

	1996		1998		Change 1996/98	
	Number	%	Number	%	Number	%
Training programmes for unemployed people	8 087	63	15 005	50	6 918	86
Social and economic integration of long-term unemployed people	4 717	37	14 884	50	10 617	216
Total participants	12 804	100	29 889	100	17 085	133

Source: CCFSE.

As shown in this table, participants in training for long-term unemployed people programmes had the most significant increase between 1996 and 1998: the number of trainees increased by 216%. Youth unemployment is included within both of the programmes categorised in the above table depending on the length of the unemployment spell.

Table 31 Funding for training for unemployed people, by programme

(million PTE, million EUR in parentheses)

	1996				1998				% change in total funding 1996/98	Per capita expenditure 1998 PTE (EUR)
	Total funding	National funding	ESF funding	Private funding	Total funding	National funding	ESF funding	Private funding		
Training programmes for unemployed people	4 625 (23.07)	1 156 (5.77)	3 468 (17.30)	0.8 (0)	8 817 (43.98)	2 204 (10.99)	6 613 (32.99)		91	59 000 (294)
Social and economic integration of long-term unemployed people	297 (1.48)	74 (0.37)	223 (1.11)		7 703 (38.42)	1 696 (8.46)	5 087 (25.37)	290 (1.45)	2 278	48 000 (239)
Total funding										
million PTE	4 922	1 230	3 691	0.8	15 890	3 900	11 700	290	223	53 000
(million EUR)	(24.55)	(6.14)	(18.41)	(0.0)	(79.26)	(19.45)	(58.36)	(1.45)		(264)

Source: CCFSE

Between 1996 and 1998, funding increased by more than the number of trainees, especially in relation to training programmes for long-term unemployed people.

The funding distribution mechanisms for training for unemployed people are the same as those outlined in the VET general framework, under the heading 1.5, within the framework of ESF supported training. Training providers (public or private) have to bid for funds with the appropriate ESF operational programme manager as for IVT or CVT.

4.3. Other training measures for social inclusion

In Portugal, other training programmes exist which are focused on the socio-economic integration of less favoured groups, namely the socially excluded and handicapped people. These programmes combine characteristics that can be found in the IVT, CVT and UVT structures and are usually developed in partnership with local actors that can provide more appropriate opportunities to meet individual needs for their integration into the labour market. The following table indicates the number of people involved in such training programmes. There has been a remarkable growth in participation between 1996 and 1998.

Table 32 Participation in training measures for social inclusion

	1996		1998		Change 1996/98	
	%	Number	%	Number	%	Number
Training measures for social inclusion	2	6 301	3	19 379	208	13 078
Total participation in all VET	100	387 243	100	617 005	59	229 762

Source: CCFSE.

The growth in participation is a reflection of the social priorities that have characterised the recent evolution of policy. Vocational training is viewed as an essential tool for social reintegration and to reduce any social and/or professional handicaps. Given that labour market signals indicate close to full employment, it is viewed as an opportune time to provide more assistance to those less able to enter work.

The implementation of the 'minimum guaranteed revenue' ([12]) in 1996 has been a flagship within social policy. Vocational training is used as an integration tool through the insertion contract that underpins access to this type of social benefit. Despite the priority and innovative nature of this and other policies, they are relatively marginal within the global context of vocational training, representing only 3% of the total number of trainees in 1998.

4.3.1. Sources of funding

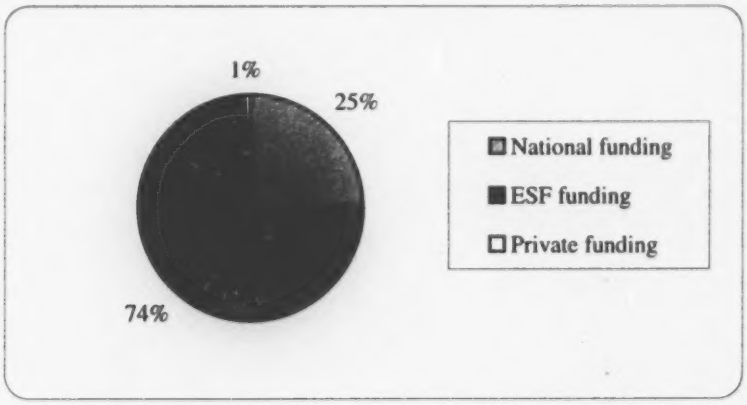
Table 33 Sources of funding for other training measures for social inclusion

	1996		1998		1996/98
	million PTE	million EUR	million PTE	million EUR	% change
National funding	1 526	8	2 645	13	73
ESF funding	4 576	23	7 934	40	73
Private funding	0	0	103	0.5	
Total funding	6 102	31	10 682	53	75

Source: CCFSE.

The growing weight of private financing for these types of programmes should be highlighted although their overall percentage contribution is small at 1%. As with all the other training types examined in this report, ESF funding represents the greatest percentage at approximately 75%.

Figure 16 Sources of funding for ESF-cofinanced programmes for social inclusion training measures in 1998



([12]) The minimum guaranteed revenue is a social policy instrument under which every citizen is entitled to a minimum level of income. Where the income cannot be generated through employment, individuals must agree to a contract whereby they will take the necessary steps to reinsert themselves or improve their position within the labour market. Participating in such a contract is conditional to receive the guaranteed revenue. VET is an important part of this scheme.

4.3.2. Total levels of funding for training measures for social inclusion

The following tables show the evolution between 1996 and 1998 of the number of trainees and funding levels per programme.

Table 34 Participation in training measures for social inclusion financed by ESF (1996-98)

	1996		1998		Change 1996/98	
	Number	%	Number	%	Number	%
Economic/social integration for handicapped people	3 897	62	8 479	44	4 582	118
Economic/social integration for socially excluded people	2 404	38	10 900	56	8 496	353
Total participation	6 301	100	19 379	100	13 078	208

Source: CCFSE.

Table 35 Funding for training measures for social inclusion financed by ESF (1996-98)

(million PTE, million EUR in parentheses)

	1996				1998				% change in total costs 1996/98	Per capita expenditure 1998 PTE (EUR)
	Total funding	National funding	ESF funding	Private funding	Total funding	National funding	ESF funding	Private funding		
Economic/social integration for handicapped people	5 472 (27.29)	1 368 (6.82)	4 104 (20.47)		8 508 (42.44)	2 125 (10.60)	6 376 (31.80)	7 (0.04)	55%	1 000 000 (4 988)
Economic/social integration for socially excluded people	629 (3.14)	157 (0.78)	472 (2.35)		2 174 (10.84)	519 (2.59)	1 558 (7.77)	96 (0.48)	245%	200 000 (998)
Total funding										
million PTE	6 102	1 525	4 576		10 682	2 645	7 934	103	75%	55 000
million EUR	30.4	7.61	22.82		53.28	13.19	39.57	0.50		(274)

Source: CCFSE.

It must be highlighted that the growth in the number of trainees, which more than tripled, has not been accompanied by an equivalent growth in funding. The funding distribution mechanisms are the same already described for the funding of vocational training funded by the ESF.

4.4. Conclusions

The Portuguese rate of unemployment has been remarkably low in historical terms and has a clearly cyclical nature. There are also unemployment problems due to the very low education and qualification rates of the labour force. These weaknesses create many problems for the ability of the workforce to adjust to changing skills requirements and hence the sustainability of employment is problematic. This is especially the case for first-time jobseekers and for older, lower-qualified workers.

In this context, training programmes have been designed to combine vocational training with more general educational improvement. These dual aims require longer and more expensive training programmes, this is reflected in the larger growth in funding compared to the increase in participants. Between 1996 and 1998, the growth in participants was 133% while expenditure more than tripled, with an increase of 223%.

The increase of training activities targeted at long-term unemployed people accounts for most of the growth in the number of participants and in the level of funding. The decreasing level of the general unemployment rates has also focused the need for active intervention with groups that experience more problems in entering the labour market or sustaining their employment. For this reason, the fight against unemployment is undertaken mostly through preventative measures within the IVT and CVT structure.

Training programmes for social inclusion are designed for specific groups with particular problems of a social and individual nature. Their introduction has been, in part, a result of a reorientation of government policies promoting social equality, and also, through the exceptionally good labour market situation whereby more people can be integrated, as long as they receive training in basic professional and social skills. These policy priorities have been reflected in a particularly impressive growth in participation rates which is expected to continue in years to come. Between 1996 and 1998, participation increased by 208% accompanied by a 75% increase in funding. It is important to note that vocational training of this type is normally associated with resumed schooling and training in social behaviour which are decisive skills for the targeted groups.

Since 1998, the framework for UVT and social inclusion programmes has changed with the introduction of a new strategy in the fight against long-term unemployment and social exclusion. Targeted training actions have been combined with a wider array of measures to

assist labour market insertion. Such initiatives include a youth (under 25) and an adult scheme (*Inserjovem* and *Reage*).

According to guidelines 1 and 2 of the employment strategy in Europe approved at the Luxembourg Summit, a young person cannot be registered for more than six months without being offered an active measure to assist their entry to the labour market, the same should be offered to an adult after 12 months of unemployment. As a result, new strategies are being developed to try to prevent unemployment becoming long-term which may change the nature of programmes provided.

5. The future of financing: trends and perspectives

As can be seen throughout the report, financing VET activities in Portugal are strongly dependent on ESF support. It is generally accepted that extension of VET activities and development of a national vocational training system have been facilitated through the availability of EU funds since the early 1980s. From a policy perspective, over the past two decades, VET has become a central issue of development for successive governments.

Although EU policies do not cover education, the special situation of Portugal, namely the extremely low qualification level of its population (when compared to EU averages), has led to the availability of ESF financing for some initial training provided within the general education structure. The following table shows the total financing volumes used in the different forms of VET considered within this report.

Table 36 Total funding for VET

	1996			1998			1998/96
	million PTE	million EUR	%	million PTE	million EUR	%	% change
IVT	44 168	220	51.0	50 184	251	42.0	14
CVT	25 767	129	29.8	37 002	184	31.0	44
UVT and social exclusion	11 024	55	12.7	26 572	133	22.3	141
Other (1)	5 625	28	6.5	5 610	28	4.7	0
Total	86 584	432	100.0	119 368	567.5	100.0	38

(1) 'Other' includes technical assistance, management, R&D and some actions not covered by the other categories of VET considered.

NB: Figures in this table are drawn from the IVT, CVT and UVT sections of this report.

As this table indicates, growth in the level of VET funding is a common feature of recent years. A second point is the change in the allocation of funds across different training types, with a greater percentage of funds being allocated to UVT activities. At the time of writing this report, a new Community support framework was being set up for Portugal for 2000-06: the structure and available resources have been outlined in the first part of the report. The amounts available have increased significantly which will enable a continuous growth in VET activities over the next six years.

The following text will focus on some key issues important for the financing of training:

(a) the need for an increase in all VET activities;
(b) the need for more coherence between the training structure within the educational system, labour market training and other VET programmes;
(c) the need for, and the risks of, more private contributions to VET financing;
(d) the increase of good private sector institutions to supply VET.

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(a) the need for an increase in all VET activities

As outlined in the economic background of this report, the structural characteristics of Portugal include a low rate of unemployment and very low rates of secondary and tertiary education and of labour force qualifications. This means that although employment levels are high, and economic performance is good, the level of human capital within labour resources is comparatively low. This has to be rectified if economic growth and development is to continue.

Initial education and vocational training is crucial in promoting the emergence of a well-educated and trained working population. This is not enough, however, to close the existing qualifications gap given that demographic increases are low. Even if this were not the case, there are many debates emphasising the need to renew human capital resources given the speed of technological change and the ageing of the workforce in most EU countries. Hence, the principle of lifelong learning is being promoted everywhere. For such a notion to take hold, the attitudes of employees and employers will have to change. While training activities have increased radically in recent years, there is a need for further expansion in workforce continuing training.

The nature of CVT provision is through tailor-made programmes. There are some tensions with this in that, while enterprises may be provided with very specific training, such specificity creates problems for the recognition and certification of training outside. This point may be significant when considering the need to upgrade labour market standards and the low levels of qualifications within the Portuguese workforce.

A huge increase in CVT activities, therefore, is necessary to improve the characteristics of the Portuguese labour force. In addition, more emphasis must be placed on particular groups at risk of exclusion from the labour market, as the need for social cohesion is central to every process of development. This means that training must continue to focus on unemployed people, those at risk of unemployment and other excluded groups. Further, training programmes need to be directed at groups traditionally excluded from the labour market, such as those with disabilities, to expand labour market resources and to tap into a wider range of talents. Benchmarks for each of these activities are set out in the annual national employment plans. If these are met for Portugal, the need to double the level of existing training activities must be considered. The financial impacts of this are obvious and additional amounts of resources are required. At the same time, an increased effort in IVT provision can ensure that average qualification levels are improved by every new labour market entrant.

The demands for expanding training opportunities exist at every level and resources are always finite and scarce. The challenges for policy-making are growing at a pace that the resources cannot follow, hence a greater focus on efficiency and effectiveness is the only available solution given the complex policy demand and financial resource equation. Moving away from the quantitative to a more qualitative administrative control of VET investment

and expenditure, through appraising results of VET activities, is an important need within the VET administrative and financial structure.

(b) the need for more coherence between the training structure within the educational system, labour market training and other VET programmes

Portuguese VET provision can be described as a split system where vocational education and vocational training are seen as different systems either framed within the educational system or within labour market programmes. The legal framework defines the principle of communication between the systems, but not the mechanisms to achieve it. To achieve greater efficiency in the allocation of resources, the overall structure has to be more coherent and coordinated between the education and labour market structures. This will require pedagogical changes and a closer identification between the structures for the objectives of training. Some initial steps have already been taken, such as the creation of an Agency for Lifelong Training and Education (ANEFA – *Agência Nacional para a Educação e Formação de Adultos*).

It is essential that the current structure be revised to make the objectives of the system more transparent and simpler to understand. Undertaking such a revision could eventually lead to a more efficient use of resources (not only financial).

(c) the need for, and the risks of, increasing the private contribution to VET financing

To date, the private level of contribution to VET activities (even though little is known) has been low. An increase will clearly expand VET resources. While Portugal has a fairly advanced economic structure where a number of enterprises clearly recognise the importance of their human resources and fund training activities, there are a large number of small and very small sized enterprises, often managed by personnel with low level qualifications, who may not be aware of the potential benefits of investing in training for their employees.

If there is a move to raise more funding from enterprises, there is a danger that a large number could reduce their training activities. This dilemma is one of the most important which must be faced, especially regarding the role of the enterprise in providing CVT for its employees. Lisbon (the largest productive area with a significant population) will gradually lose its status as an Objective 1 region and the amount of EU funding available for training will reduce. How enterprises will respond to this has yet to be seen.

(d) the increase of good quality private-sector VET providers

Another important issue relates to the need to encourage a good quality and flexible system of training supply. In recent years this has led to a restructuring of private certified training institutions. It is essential that training institutions can face the challenges of extended provision both in terms of the levels of participation and the range of training on offer. We believe that there are two necessary developments within the current institutional structure. First, to place more emphasis on institutional quality and results in the bidding process for funds for ESF cofinanced VET. In other words, changing the current system whereby

administrative and financial controls are the main factors in the bidding process. Secondly, to encourage bidding from institutions on a medium-term project basis rather than annual cycles. This would create a more stable environment for investment and development.

The current structure with a large number of private institutions regulated by public structures should not be changed as private partnerships can be territorially or sectorally more appropriate for their respective target groups creating a more efficient and effective training system. Given the rapid changes in technology this private/public structure can be viewed as the best means to ensure that training and qualifications are appropriate to meet labour market demands.

List of acronyms

ANEFA	Agency for Lifelong Training And Education (*Agência Nacional para a Educação e Formação de Adultos*).
BP	Bank of Portugal (*Banco de Portugal*).
CCFSE	Coordination Committee for the European Social Fund (*Comissão de Coordenação do Fundo Social Europeu*).
Cedefop	European Centre for the Development of Vocational Training.
CIDEC	*Centro Interdisciplinar de Estudos Economicos*.
CIME	Interministerial Commission on Employment (*Comissão Interministerial para o Emprego*).
CNA	National Apprenticeship Commission (*Comissão Nacional de Aprendizagem*).
CNC	National Commission of Certification (*Comissão Nacional de Certificação*).
CSF	Community support framework (*QCA – Quadro Comunitário de Apoio*).
CSF II	Community support framework II 1994-99 (*QCA II – Quadro Comunitário de Apoio 1994-99*).
CSF III	Community support framework III 2000-06 (*QCA III – Quadro Comunitário de Apoio 2000-06.*).
CVT	Continuing vocational training (*Formação Contínua*).
CVTS	Continuing vocational training survey.
DAFSE	Department for European Social Fund Affairs (*DAFSE – Departamento de Assuntos do Fundo Social Europeu*).
DAPP	Department of Evaluation, Prospective and Planning, Ministry of Education (*DAPP – Departamento de Avaliação, Prospectiva e Planeamento do Ministério da Educação*).
DETEFP	Labour, Employment and Vocational Training Statistics Department (*Departamento de Estatísticas do Trabalho, Emprego e Formação Profissional*).
DGDR	Directorate-General for Regional Development (*DGDR - Direcção Geral do Desenvolvimento Regional*)
EAGGF	European Agricultural Guidance and Guarantee Fund (*FEOGA – Fundo Europeu de Orientação e Garantia Agrícola*).
ERDF	European Regional Development Fund (*FEDER – Fundo Europeu para o Desenvolvimento Regional*).
ESF	European Social Fund (*FSE - Fundo Social Europeu*).
EU	European Union (*UE – União Europeia*).
FIFG	Financial instruments for fisheries guidance (*IFOP – Instrumentos Financeiros de Orientação das Pescas*).

GDP	Gross domestic product *(PIB – Produto Interno Bruto).*
IEFP	Institute of Employment and Vocational Training *(Instituto do Emprego e Formação Profissional).*
IGFSE	Institute for the Management of the European Social Fund *(Instituto para a Gestão do Fundo Social Europeu).*
IGFSS	Institute for Financial Management of Social Security *(Instituto de Gestão Financeira da Segurança Social).*
INE	*Instituto Nacional de Estatística* (National Statistics Institute of Portugal).
INFT	National Institute for Touristic Vocational Training *(Instituto Nacional de Formação Turística).*
Inofor	Vocational Training Innovation Institute *(Instituto para Inovação da Formação).*
Integrar	OP targeted at people at a disadvantage within the labour market.
IRS	Individual revenue tax (*Imposto sobre o Rendimento das Pessoas Singulares*)
ISCED	International standard classification of education *(Classificação Internacional Estandardizada da Educação).*
IVT	Initial vocational training *(Formação Inicial).*
LTU	Long-term unemployment or long-term unemployed, those unemployed for a period over 12 months.
NGO	Non-governmental organisation *(ONG – Organizações Não Governamentais).*
OEFP	Employment and Vocational Training Observatory *(Observatório do Emprego e Formação Profissional).*
OP	Operational programme.
PEDIP II	OP (industry) for promotion of human resources.
Pediza	OP for support of the development of the region that benefits from the Alqueva Dam in Alentejo.
Pedraa	OP for the development of the Azores archipelago.
Pessoa	OP for human resources qualification *(Programa Operacional para a Qualificação dos Recursos Humanos).*
PIJVA	Programme for the integration of young people in active life (*Programa de Integração dos Jovens na Vida Activa).*
Popram	OP for the autonomous region of Madeira.
PPDR	Promotion of regional development potential (*Promoção do Potencial do Desenvolvimento Regional*).
Praxis XXI	OP for financing VET in the framework of the national technological and scientific system.
Prodep II	OP to ensure additional vocational training opportunities over and above that provided in the educational system, namely vocational schools and the training of teachers.

Profap	OP for training employees within public administration.
PTE	Portuguese escudos *(Escudos Portugueses)*.
RGR	Real growth rate *(Taxa de Crescimento Real)*.
SNRIPD	National secretariat for the rehabilitation and insertion of disabled people *(Secretariada Nacional para a Integração de Pessoas com Deficiência)*.
SMEs	Small and medium-sized enterprises *(PME – Pequenas e Médias Empresas)*.
UVT	Training for unemployed people *(Formação para desempregados)*.
VET	Vocational education and training *(EFP – Educação e Formação Profissional)*.

Annex 1 Legal provisions

Regulatory legislation

Law	Year	Source	Area	Summary
Educational System Act 1986	1986 revised 1997	Ministry of Education	IVT	Considers vocational training as a special kind of school-based education. When formulating the state budget, education is considered as one of the national priorities.
Decree-Law 401/91, 16 October	1991	Ministry of Labour	IVT CVT	Provides the legal background for vocational training. The State finances the vocational training carried out, and supports and encourages the training promoted by others entities.
Decree-Law 405/91, 16 October	1991	Ministry of Labour	CVT	This law establishes the specific legal background for labour market vocational training. Appropriations are made within the State budget and a percentage of monthly taxes paid (by employers and employees) to the social security institution are allocated to vocational training. Of these monthly taxes, at least 4.7% are destined to the budget of IEFP.
Decree-Law 140/93, 6 July	1993	Ministry of Labour	UVT	This law establishes the framework for special VET measures to support special courses for unemployed people. Technical, administrative and financial measures are defined. The target groups are: long-term unemployed people, ethnic minorities, immigrants, prisoners or ex-prisoners, drug addicts and ex-drug addicts and generally all the groups in danger of social exclusion.
Administrative Rule 414/96, 24 August	1996	Ministry of Labour and Qualification	IVT	This Act creates the school-workshops programme (*Programa Escolas-Oficina*) which is intended to promote the creation of IVT courses with vocational training and educational content to take place within enterprises to promote specifically training activities in traditional crafts and environment-related sectors.
Decree-Law 205/96, 25 October	1996	Ministry of Labour	IVT	Determines the juridical rules for apprenticeship. The costs are borne both by the Ministry of Labour and by the training entities, on a basis of co-responsibility of the different parties involved.
Resolution of national Council of Ministers No 44/97, 20 February	1997	National Council of Ministers	IVT	Creates the programme for the integration of young people in active life (PIJVA – *Programa de Integração dos Jovens na Vida Activa*). This measure includes vocational guidance, vocational and educational training and access to employment.
Administrative rule 268/97, 18 April	1997 revised 1998	Ministry of Labour	UVT	This act describes the background for the financial and technical support of the Professional Stages, promoted by IEFP.
Decree-Law 115/97	1997	Ministry of Employment and Qualification	VET	Created Inofor – Vocational Training Innovation Institute (*Instituto para a Inovação da Formação*). This body's mission is to propose, develop, evaluate and contribute to the generation of models, methodologies, programmes, projects and instruments that can value existing human resources.

Decree-Law 4/98, 8 January	1998	Ministry of Education	IVT	This decree-law specifies the rules for establishing, organising and operating schools and vocational courses within non-higher educational areas. It determines a model of financing guided by the freedom of private initiative and state co-participation in the costs of courses with a clear public interest.
National action plan for employment (*Plano Nacional de Emprego*)	1998 revised 1999	National Council of Ministers Presidency	UVT	It determines the goal for 1999 to increase, by 25%, vocational training for unemployed adults and long-term unemployed people, with an emphasis on vocational training pertinent to applying for a job.
Decree-Law 248-A/2000, 3 October	2000	Ministry of Labour and Solidarity	VET management	Approves the statutes of the IGFSE – Institute for the management of the European Social Fund (*Instituto de Gestão do Fundo Social Europeu*).
Decree-Law 132/99, 21 April	1999	Ministry of Labour		This establishes the new legal background for labour policy. It promotes the principle of promoting access to initial vocational training and lifelong learning. The programmes and measures in this area are a part of labour policy. Labour policy is financed through the taxes paid by workers, employers and to a lesser extents by transfers from the State Budget.

Enabling legislation

Law	Year	Source	Area	Summary
IRS Code	1988	Ministry of Finance	CVT	According to Article 26 (1) (j), a percentage of charges due for vocational training for individuals are tax deductible, when related to the respective professional activity.
Decree-Law 51/99, 20 February	1999	Ministry of Labour	Combined training programme	Creates the rotation measure for employment-training. It allows companies to give an opportunity for continuing training to its workers, and simultaneously, allows unemployed people to have a vocational experience as replacements to the worker attending training. The employer is exempted from paying taxes to social security related to the workers replaced, during the period the respective training actions take place.

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Cedefop (European Centre for the Development of Vocational Training)

The financing of vocational education and training in Portugal: Financing portrait

Luis Gomes Centeno
Ana Leonor Sarmento

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This report is the Portuguese contribution to Cedefop's series of portraits on the financing of vocational education and training (VET) within EU Member States. It provides information on the funding structures for initial and continuing vocational training as well as training for unemployed people.

There are three characteristics of the funding and training structure in Portugal which should be borne in mind throughout this report. First, the European Social Fund is the most significant source of funding for formal VET in Portugal. Second, the structure of VET is split between provision within the educational and labour market systems. The third is the nature of training institutions within the labour market framework which can bid for funds to provide all types of training whether initial, continuing or programmes for unemployed people.

The final part of this report outlines some trends and challenges for the future funding and training framework in Portugal. Four topics are viewed to be key: need to increase VET activities and opportunities; need for more coherence between the education and training structures; need for, and risks of, greater private contributions to VET funding; and an increase of good quality private sector training providers.

Luis Gomes Cardoso
Ana Leonor Sarmento

PANORAMA

The financing of vocational education and training in Portugal

Financing portrait

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